

AUSTRALIAN MINES LIMITED

ABN 68 073 914 191

NOTICE OF ANNUAL GENERAL MEETING

TIME: 1.30 pm WST

DATE: 25 November 2014

PLACE: The Celtic Club, 48 Ord Street, West Perth, WA 6005

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.

IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the meeting of the Shareholders to which this Notice of Meeting relates will be held at 1.30 pm WST on 25 November 2014 at:

The Celtic Club, 48 Ord Street, West Perth, WA 6005

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 5.00 pm WST on 23 November 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, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member 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.

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 (i.e. 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 (i.e. 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 (i.e. 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:
 - o the proxy is not recorded as attending the meeting;
 - o 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. FINANCIAL STATEMENTS AND REPORTS – AGENDA ITEM

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2014 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

“That, for the purpose of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2014.”

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

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (c) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (d) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – DOMINIC MARINELLI

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 7.3 of the Constitution and for all other purposes, Mr Dominic Marinelli, a Director, retires by rotation, and being eligible, is re-elected as a Director.”

4. RESOLUTION 3 – APPROVAL OF 10% PLACEMENT CAPACITY

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

“That, for the purpose of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital on the date of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and 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 issue of Equity Securities under this Resolution 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 will 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.

5. RESOLUTION 4 – APPROVAL OF LOAN SHARE PLAN

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

*“That for the purposes of ASX Listing Rule 7.2 (Exception 9(b)), sections 259B and 260C(4) of the Corporations Act, and for all other purposes, approval is given to adopt the Company’s Loan Share Plan (**Loan Share Plan**), the terms of which are summarised in the Explanatory Memorandum, and to issue Shares under the terms of the Loan Share Plan from time to time.”*

Voting exclusion: The Company will disregard any votes cast on this Resolution 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 of their associates. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or if it 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.

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, details of whose remuneration are included in the Remuneration Report; 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:

- (c) the proxy is the Chair of the Meeting; and

- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

6. RESOLUTION 5 – APPROVAL OF POTENTIAL TERMINATION BENEFITS UNDER THE COMPANY’S LOAN SHARE PLAN

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

“That, conditional upon Resolution 4 being approved, for the purposes of sections 200B and 200E of the Corporations Act, ASX Listing Rule 10.19, and for all other purposes, the giving of benefits under the Company’s Loan Share Plan to a person by the Company in connection with that person ceasing to be an officer or ceasing to hold a managerial or executive office in the Company (or subsidiary of the Company) be approved on the terms and conditions in the Explanatory Statement.”

Voting exclusion: A vote on Resolution 5 may not be cast (in any capacity) by or on behalf of a person who holds a managerial or executive office in, or is an officer of, the Company and to whom the Resolution permits benefits to be given, and an associate of that person. Section 200E(2A) of the Corporations Act also prevents a retiring managerial or executive officer or any associate of the retiree from voting on this Resolution. However this does not prevent the casting of a vote if it is cast by a person as proxy appointed in writing that specifies how the proxy is to vote on the resolution, and it is not cast on behalf of the person who holds a managerial or executive office in the Company and to whom the Resolution permits benefits to be given or an associate of that person.

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, details of whose remuneration are included in the Remuneration Report; 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:

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

7. RESOLUTION 6 – APPROVAL TO ISSUE OF SHARES AND THE PROVISION OF A LOAN TO MICHAEL RAMSDEN UNDER THE LOAN SHARE PLAN AND APPROVAL OF FINANCIAL ASSISTANCE

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

“That, conditional upon Resolutions 5, 6 and 7.2 being approved, for the purposes of ASX Listing Rule 10.14, section 208(1) of the Corporations Act, and for all other purposes, approval be given for the Directors to issue up to 7,000,000 Shares to Michael Ramsden under the Company’s Loan Share Plan and to provide a loan to Michael Ramsden for the purpose of acquiring those Shares, as detailed in the Explanatory Memorandum.”

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

“That, conditional upon Resolutions 5, 6 and 7.1 being approved, in accordance with section 260B(1) of the Corporations Act, and for all other purposes, approval be and is hereby given for the provision of financial assistance proposed to be given by the Company to Michael Ramsden to assist the acquisition by those persons of ordinary shares under the Company’s Loan Share Plan, as detailed in the Explanatory Memorandum.”

Voting exclusion: The Company will disregard any votes cast on these Resolutions by Michael Ramsden and any person who might obtain a benefit, except a benefit solely in the capacity as a holder of ordinary securities, if the Resolution is passed and any of their associates. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or if it 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.

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, details of whose remuneration are included in the Remuneration Report; 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:

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

8. RESOLUTION 7 – APPROVAL TO ISSUE OF SHARES AND THE PROVISION OF A LOAN TO BENJAMIN BELL UNDER THE LOAN SHARE PLAN AND APPROVAL OF FINANCIAL ASSISTANCE

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

“That, conditional upon Resolutions 5, 6 and 8.2 being approved, for the purposes of ASX Listing Rule 10.14, section 208(1) of the Corporations Act,

and for all other purposes, approval be given for the Directors to issue up to 13,000,000 Shares to Benjamin Bell under the Company's Loan Share Plan and to provide a loan to Benjamin Bell for the purpose of acquiring those Shares, as detailed in the Explanatory Memorandum."

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

"That, conditional upon Resolutions 5, 6 and 8.1 being approved, in accordance with section 260B(1) of the Corporations Act, and for all other purposes, approval be and is hereby given for the provision of financial assistance proposed to be given by the Company to Benjamin Bell to assist the acquisition by those persons of ordinary shares under the Company's Loan Share Plan, as detailed in the Explanatory Memorandum."

Voting exclusion: The Company will disregard any votes cast on this Resolution by Benjamin Bell and any person who might obtain a benefit, except a benefit solely in the capacity as a holder of ordinary securities, if the Resolution is passed and any of their associates. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or if it 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.

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, details of whose remuneration are included in the Remuneration Report; 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:

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

9. RESOLUTION 8 – APPROVAL TO ISSUE OF SHARES AND THE PROVISION OF A LOAN TO MICK ELIAS UNDER THE LOAN SHARE PLAN AND APPROVAL OF FINANCIAL ASSISTANCE

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

"That, conditional upon Resolutions 5, 6 and 9.2 being approved, for the purposes of ASX Listing Rule 10.14, section 208(1) of the Corporations Act, and for all other purposes, approval be given for the Directors to issue up to 7,000,000 Shares to Mick Elias under the Company's Loan Share Plan

and to provide a loan to Mick Elias for the purpose of acquiring those Shares, as detailed in the Explanatory Memorandum.”

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

“That, conditional upon Resolutions 5, 6 and 9.1 being approved, in accordance with section 260B(1) of the Corporations Act, and for all other purposes, approval be and is hereby given for the provision of financial assistance proposed to be given by the Company to Mick Elias to assist the acquisition by those persons of ordinary shares under the Company’s Loan Share Plan, as detailed in the Explanatory Memorandum.”

Voting exclusion: The Company will disregard any votes cast on this Resolution by Mick Elias and any person who might obtain a benefit, except a benefit solely in the capacity as a holder of ordinary securities, if the Resolution is passed and any of their associates. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or if it 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.

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, details of whose remuneration are included in the Remuneration Report; 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:

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

10. RESOLUTION 9 – APPROVAL TO ISSUE OF SHARES AND THE PROVISION OF A LOAN TO DOMINIC MARINELLI UNDER THE LOAN SHARE PLAN AND APPROVAL OF FINANCIAL ASSISTANCE

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

“That, conditional upon Resolutions 5, 6 and 10.2 being approved, for the purposes of ASX Listing Rule 10.14, section 208(1) of the Corporations Act, and for all other purposes, approval be given for the Directors to issue up to 7,000,000 Shares in the Company to Dominic Marinelli under the Company’s Loan Share Plan and to provide a loan to Dominic Marinelli for the purpose of acquiring those Shares, as detailed in the Explanatory Memorandum.”

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

“That, conditional upon Resolutions 5, 6 and 10.1 being approved, in accordance with section 260B(1) of the Corporations Act, and for all other purposes, approval be and is hereby given for the provision of financial assistance proposed to be given by the Company to Dominic Marinelli to assist the acquisition by those persons of ordinary shares under the Company’s Loan Share Plan, as detailed in the Explanatory Memorandum.”

Voting exclusion: The Company will disregard any votes cast on this Resolution by Dominic Marinelli and any person who might obtain a benefit, except a benefit solely in the capacity as a holder of ordinary securities, if the Resolution is passed and any of their associates. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or if it 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.

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, details of whose remuneration are included in the Remuneration Report; 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:

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

11. RESOLUTION 10 – APPROVAL TO ISSUE OF SHARES AND THE PROVISION OF A LOAN TO NEIL Warburton UNDER THE LOAN SHARE PLAN AND APPROVAL OF FINANCIAL ASSISTANCE

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

“That, conditional upon Resolutions 5, 6 and 11.2 being approved, for the purposes of ASX Listing Rule 10.14, section 208(1) of the Corporations Act, and for all other purposes, approval be given for the Directors to issue up to 7,000,000 Shares in the Company to Neil Warburton under the Company’s Loan Share Plan and to provide a loan to Neil Warburton for the purpose of acquiring those Shares, as detailed in the Explanatory Memorandum.”

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

"That, conditional upon Resolutions 5, 6 and 11.1 being approved, in accordance with section 260B(1) of the Corporations Act, and for all other purposes, approval be and is hereby given for the provision of financial assistance proposed to be given by the Company to Neil Warburton to assist the acquisition by those persons of ordinary shares under the Company's Loan Share Plan, as detailed in the Explanatory Memorandum."

Voting exclusion: The Company will disregard any votes cast on this Resolution by Neil Warburton and any person who might obtain a benefit, except a benefit solely in the capacity as a holder of ordinary securities, if the Resolution is passed and any of their associates. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or if it 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.

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, details of whose remuneration are included in the Remuneration Report; 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:

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

BY ORDER OF THE BOARD



**BENJAMIN BELL
DIRECTOR
26 SEPTEMBER 2014**

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 which are the subject of the business of the Meeting.

1. FINANCIAL STATEMENTS AND REPORTS – AGENDA ITEM

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2014 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at <http://www.australianmines.com.au/>.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the previous financial year was approved, other than the managing director of the company), will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

2.4 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

If you appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy.

You must direct your proxy how to vote on this Resolution. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

If you appoint the Chair as your proxy (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member).

You **do not** need to direct your proxy how to vote on this Resolution. However, if you do not direct the Chair how to vote, **you should note that the Chair intends to vote all undirected proxies in favour of all resolutions.**

If you appoint any other person as your proxy

You **do not** need to direct your proxy how to vote on this Resolution, and you **do not** need to mark any further acknowledgement on the Proxy Form.

3. RESOLUTION 2 RE-ELECTION OF DIRECTOR -DOMINIC MARINELLI

Clause 7.3 of the Constitution requires that at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded down to the nearest whole number), shall retire from office.

The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

A Director who retires by rotation is eligible for re-election.

The Company currently has 4 Directors (excluding the Managing Director) and accordingly 1 must retire.

Mr Dominic Marinelli retires by rotation and seeks re-election. His details can be found in the Directors' Report section of the Annual Report.

4. RESOLUTION 3 – APPROVAL OF 10% PLACEMENT CAPACITY

4.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital (**10% Placement Capacity**).

The Company is an Eligible Entity.

If Shareholders approve Resolution 3, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in section 5.2 below).

The effect of Resolution 3 will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue on the date of issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

Resolution 3 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 3 for it to be passed.

4.2 ASX Listing Rule 7.1A

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of approximately \$9.4 million.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has 1 class of Equity Securities on issue, being the Shares (ASX Code: AUZ).

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

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

Where:

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

- (i) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
- (ii) plus the number of partly paid shares that became fully paid in the previous 12 months;
- (iii) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4 and not including issues of securities under the entity's 15% placement capacity without Shareholder approval; and
- (iv) less the number of Shares cancelled in the previous 12 months.

D is 10%.

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

4.3 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 3:

(a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in section 4.3(a)(i), the date on which the Equity Securities are issued.

(b) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid).

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

The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 3 for the issue of

the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature and scale of activities) or Listing Rule 11.2 (disposal of main undertaking).

(c) **Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 3 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue	Dilution			
	Issue Price (per Share)	\$0.006 50% decrease in Issue Price	\$0.012 Issue Price	\$0.018 50% increase in Issue Price
821,986,521 (Current)	10% Voting Dilution	82,198,652 Shares	82,198,652 Shares	82,198,652 Shares
	Funds raised	\$493,192	\$986,384	\$1,479,576
1,232,979,782 (50% increase)	10% Voting Dilution	123,297,978 Shares	123,297,978 Shares	123,297,978 Share
	Funds raised	\$739,788	\$1,479,576	\$2,219,364
1,643,973,042 (100% increase)	10% Voting Dilution	164,397,304 Shares	164,397,304 Shares	164,397,304 Shares
	Funds raised	\$986,384	\$1,972,768	\$2,959,151

*The number of Shares on issue (variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

- There are currently 821,986,521 Shares on issue comprising:
 - 780,986,521 existing Shares as at the date of this Notice of Meeting;
 - 41,000,000 Shares which will be issued if Resolutions 5 – 11 are passed.
- 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%.

3. The issue price set out above is the closing price of the Shares on the ASX on 24 September 2014.
4. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity being 10% of the Company's issued capital on the date of issue.
5. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) Purpose of Issue under 10% Placement Capacity

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for the acquisition of new resources, assets and investments (including expenses associated with such an acquisition), continued exploration expenditure (funds may then be used for project, feasibility studies and ongoing project administration) and general working capital; or
- (ii) as non-cash consideration for the acquisition of new resources assets and investments in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

(e) Allocation policy under the 10% Placement Capacity

The Company's allocation policy for the issue of Equity Securities under the 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placement(s).

The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;

- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

(f) **Previous Approval under ASX Listing Rule 7.1A**

The Company has not previously obtained approval under ASX Listing Rule 7.1A.

(g) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it will give to ASX:

- (i) a list of the allottees of the Equity Securities and the number of Equity Securities allotted to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

4.4 Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 3.

5. RESOLUTION 4 – APPROVAL OF THE COMPANY’S LOAN SHARE PLAN

5.1 Background

Shareholder approval is sought for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for the purposes of sections 259B(2) and 260C(4) of the Corporations Act to approve the Loan Share Plan, and to issue Shares and provide benefits under the Loan Share Plan to executive and non executive directors, full-time or part-time employees, contractors and consultants of the Company or its subsidiaries, as selected by the Board from time to time (**Eligible Persons**).

The Board is committed to incentivising and retaining the Company’s Eligible Persons in a manner which promotes alignment with Shareholder interests. Additionally, the Board considers equity-based compensation an integral component of the Company’s remuneration platform enabling it to offer market-competitive remuneration arrangements.

The Loan Share Plan is intended to enable Eligible Persons to share in any increase in the Company’s value (as measured by share price) beyond the date of allocation of the Shares provided any specific performance conditions are met. A summary of the Loan Share Plan is set out in Section 5.4.

5.2 ASX Listing Rules

ASX Listing Rule 7.1 requires shareholder approval for an issue of equity securities if, over a rolling 12 month period, the amount of equity securities issued (without prior shareholder approval) is more than 15% of the number of ordinary shares on issue at the start of that 12 month period.

ASX Listing Rule 7.2 (Exception 9(b)) provides that an issue of securities under an employee incentive scheme does not detract from the available 15% limit under ASX Listing Rule 7.1 if the issue of securities is made under an employee incentive scheme and that employee incentive scheme was approved by shareholders no more than 3 years before the date of issue. The Loan Share Plan is regarded as an employee incentive scheme for the purposes of Listing Rule 7.2 (Exception 9(b)).

The Company proposes that any issue of Shares under the Loan Share Plan not be included when undertaking the calculation of the Company's available 15% limit under ASX Listing Rule 7.1. Accordingly, it is seeking shareholder approval of the Loan Share Plan under Exception 9 to ASX Listing Rule 7.2.

5.3 Corporations Act

As a general rule, the Corporations Act prohibits a company from taking security over shares in itself. However, section 259B(2) of the Corporations Act states that a company may take security over shares in itself under an employee share scheme that has been approved by shareholders at a general meeting.

Section 260A of the Corporations Act prescribes the circumstances in which a company may financially assist a person to acquire shares in the Company. However, section 260C(4) of the Corporations Act states that an exemption will apply if the financial assistance is given under an employee share scheme that has been approved by shareholders at a general meeting.

Accordingly, shareholder approval is sought under sections 259B(2) and 260C(4) of the Corporations Act to enable the Company to financially assist Eligible Persons (through provisions of loans) to acquire Shares in the Company.

5.4 Summary of the key terms of the Loan Share Plan

The key terms of the Loan Share Plan are set out below:

- (a) **Eligibility:** The Board may from time to time, invite executive and non executive directors, full-time or part-time employees or contractors or consultants of the Company (or its subsidiaries), or such other persons as the Board determines eligible, to participate in the Loan Share Plan.
- (b) **Shares:** The Directors will determine the number of Shares to be offered to Eligible Persons pursuant to the terms of the Loan Share Plan. However the maximum number of Shares that can be issued under this Plan and all other employee securities schemes during the last five years cannot exceed 5% of the total number of Shares on issue, excluding Excluded Offers as defined in the Plan (including offers that do not need a disclosure document under the Corporations Act).

Under the Loan Share Plan, the Shares to be offered to Eligible Persons will be ordinary shares and the Participants will have full entitlements attaching to those ordinary shares (**Plan Shares**).

At the discretion of the Board, the Plan Shares may either be directly issued to Eligible Persons, or existing Shares purchased on-market and transferred. The Board will apply for quotation of the Plan Shares issued (or any unquoted Plan Shares transferred) within the time required by the Listing Rules after the date of grant of the Plan Shares (**Grant Date**).

- (c) **Purchase Price:** At the Grant Date, the Plan Shares will be acquired by Eligible Persons for market value, being the 5 day volume weighted average price of the Company's Shares up to the Grant Date.
- (d) **Loan:** To facilitate the effective operation of a Participant's participation in the Loan Share Plan, the rules of the Loan Share Plan envisages the loans will be interest free and limited recourse such that the Company will accept in full satisfaction of repayment of the loan, the amount of the market value of the Plan Shares at the time the loan is due for repayment in the event that the market value of the Plan Shares is less than the amount of the loan outstanding.

Unless otherwise determined, the loan period ends when Plan Shares are forfeited including on termination of employment or office, when the Plan Shares are disposed of in accordance with the rules of the Loan Share Plan or such other date as specified in a Participant's offer documentation.

- (e) **Forfeiture / Vesting:** The Plan Shares offered under the Loan Share Plan may be subject to vesting conditions, forfeiture conditions and disposal restrictions (the **Conditions**) as determined by the Board and specified in offer documents to be provided to Eligible Persons. The Board has discretion to waive or deem Conditions to have been satisfied.

The Board's current policy is for each allocation of Plan Shares to be divided into 3 tranches and subject to the following vesting conditions:

- (i) Service to the Company as an Eligible Person until 1 June 2015.
- (ii) Service to the Company as an Eligible Person 1 June 2016.
- (iii) Service to the Company as an Eligible Person 1 June 2017.

Unless otherwise determined by the Board, a Participant's Plan Shares will be forfeited in the circumstances set out in the rules of the Loan Share Plan, and include where:

- (i) a Participant's employment, office or contractual relationship with the Company (or a subsidiary of the Company) ceases;
- (ii) the relevant vesting conditions are not satisfied or cannot be satisfied by the relevant time;
- (iii) a Participant acts fraudulently or dishonestly or in breach of his or her obligations to the Company (or its subsidiaries); or
- (iv) a Participant becomes insolvent.

If a Participant's Plan Shares are forfeited, and those Plan Shares are sold pursuant to the rules of the Loan Share Plan, the proceeds will first be applied against the loan balance of the Participant and any surplus proceeds shall be applied as follows:

- (v) If the Participant was a good leaver or a bad leaver (refer below) and the Plan Share had vested, the Participant will be entitled to the surplus.

For the purposes of the Loan Share Plan, a Participant is a good leaver where their employment, office or contractual relationship with the Company (or its subsidiaries) ceases due to death, permanent incapacity, redundancy, bona fide retirement, or any other reason the Board determines.

A Participant is a bad leaver where their employment, office or contractual relationship with the Company (or its subsidiaries) ceases in circumstances including where the Participant is dismissed from employment or office or their contractual relationship is terminated due to serious and wilful misconduct (including, without limitation, fraud and dishonesty), or the Participant resigns from his or her employment or office or terminates his or her contractual relationship with the Company (or its subsidiaries).

- (vi) If the Participant was a good leaver and the Plan Shares had not vested, the Company will be entitled to the surplus unless otherwise determined by the Board.
- (vii) If the Participant was a bad leaver and the Plan Shares had not vested, the Company will be entitled to all of the surplus.
- (viii) In all other circumstances, the Company will be entitled to the surplus unless otherwise determined by the board of Directors.

- (f) **Restrictions on Plan Shares:** Plan Shares cannot be dealt with unless they are not subject to any conditions and there is no outstanding loan on the Plan Shares. Provided the Plan Shares are not subject to any conditions, an Eligible Person may request the Company to sell the Plan Shares on which loans are outstanding on the basis that proceeds are first applied towards discharging the loan. However, the Company is not obliged to consent to the sale of the Participant's Plan Shares.
- (g) **Cash Distributions:** The after-tax amount of any cash dividend as well as any other capital distributions will be applied against repayment of any loan which may have been made available to a Participant to assist the acquisition of their Plan Shares.
- (h) **Trust:** The Company may use a specific purpose trust and trustee to facilitate the operation of the Loan Share Plan and implement any procedures to enforce conditions and to monitor compliance with its securities trading policy.
- (i) **Change of control:** If a change of control event occurs, which is defined in the rules of the Loan Share Plan and includes a takeover of the Company, the Board may in its absolute discretion determine the manner in which all or a specified number of a Participant's Plan Shares (whether vested or unvested) will be dealt with.
- (j) **Amendment:** The Board has the ability to amend the rules of the Loan Share Plan at any time, including with retrospective effect, except that any amendments which affect a Participant's existing entitlements or

obligations require a Participant's consent unless the amendment is primarily necessitated to ensure compliance with the Company's constitution or laws or to correct manifest errors.

Copies of the Loan Share Plan documentation will be available for inspection at the Company's registered office and will be provided without charge to Shareholders on request.

For the purpose of Exception 9 of ASX Listing Rule 7.2:

- (a) No Shares have previously been issued under the Loan Share Plan;
- (b) A summary of the key terms of the Loan Share Plan is set out above; and
- (c) A voting exclusion statement is set out under Resolution 4 of the Notice of Meeting.

6. RESOLUTION 5 – APPROVAL OF POTENTIAL TERMINATION PAYMENTS UNDER THE COMPANY'S LOAN SHARE PLAN

Subject to Shareholder approval of Resolution 4, Shareholder approval is also sought for the purposes of section 200B of the Corporations Act and ASX Listing Rule 10.19 to approve the giving of benefits under the Loan Share Plan to a person by the Company in connection with that person ceasing to be an officer of, or ceasing to hold a managerial or executive office in, the Company (or subsidiary of the Company) on the terms and conditions in this explanatory statement.

As described above, the board of Directors possess the discretion to determine, where a Participant ceases employment or office before the vesting of their Plan Shares, that some or all of their Plan Shares will not lapse.

The Board's current intention is to only exercise this discretion:

- (a) where the person leaves employment or office without fault on their part; and
- (b) so as only to preserve that number of unvested Plan Shares as are pro-rated to the date of leaving.

The exercise of this discretion may constitute a "benefit" for the purposes of section 200B of the Corporations Act and ASX Listing Rule 10.19. The Company is therefore seeking Shareholder approval for the exercise of the Board's discretion in respect of any current or future Participant in the Loan Share Plan who holds:

- (c) a managerial or executive office in, or is an officer of, the Company (or subsidiary of the Company) at the time of their leaving or at any time in the three years prior to their leaving; and
- (d) Plan Shares under the Loan Share Plan at the time of their leaving.

The value of the termination benefits that the board of Directors may give under the Loan Share Plan cannot be determined in advance. This is because various matters will or are likely to affect that value. In particular, the value of a particular benefit will depend on factors such as the Company's share price at the time of vesting and the number of Plan Shares that will vest.

The following additional factors may also affect the benefit's value:

- (e) the Participant's length of service and the status of the vesting conditions attaching to the Plan Shares at the time the Participant's employment or office ceases; and
- (f) the number of unvested Plan Shares that the Participant holds at the time they cease employment or office.

6.2 Corporations Act

Part 2D.2 of the Corporations Act restricts the benefits that can be given to persons who hold a "managerial or executive office" (as defined in the Corporations Act) on leaving their employment with the Company or any of its related bodies corporate, unless an exception applies.

Under section 200B of the Corporations Act, a company may only give a person a benefit in connection with them ceasing to hold a managerial or executive office if the benefit is approved by shareholders or an exemption applies.

Provided Shareholder approval is given, the value of the termination benefits may be disregarded when applying section 200F(2)(b) or section 200G(1)(c) of the Corporations Act (i.e. the approved benefit will not count towards the statutory cap under the legislation).

6.3 Listing Rules

ASX Listing Rule 10.19 provides that, without the approval of ordinary shareholders, an entity must ensure that no officer of the entity or any of its child entities will be, or may be, entitled to termination benefits if the value of those benefits and the termination benefits that are or may become payable to all officers together exceed 5% of the equity interests of the entity as set out in the latest accounts given to ASX under the Listing Rules.

Depending upon the value of the termination benefits (see above), and the equity interests of the Company at the time such benefits may crystallise, it is uncertain if such payment would exceed this 5% threshold. Accordingly, Shareholder approval is being sought in case the value of the termination benefits exceeds this 5% threshold.

7. RESOLUTIONS 6 – 10 – APPROVAL FOR THE ISSUE OF SHARES TO DIRECTORS UNDER THE COMPANY'S LOAN SHARE PLAN AND APPROVAL OF FINANCIAL ASSISTANCE TO NON-EXECUTIVE DIRECTORS

Subject to Shareholder approval of Resolution 4, the Company proposes to invite Michael Ramsden, Benjamin Bell, Mick Elias, Dominic Marinelli and Neil Warburton (**Eligible Directors**) to subscribe for a total maximum amount of 41,000,000 Shares under and in accordance with the Loan Share Plan.

The Board proposes that the following maximum number of Plan Shares will be granted to each of the following people:

Name	Maximum number of Plan Shares
Michael Ramsden	7,000,000
Benjamin Bell	13,000,000
Mick Elias	7,000,000
Dominic Marinelli	7,000,000
Neil Warburton	7,000,000

The Board has determined that the issue of Plan Shares to the Eligible Directors is an appropriate form of long term incentive for the Company's key management personnel and those persons are essential to the operation of the Company's ongoing business.

In determining the Eligible Directors remuneration packages, including this proposed grant of Plan Shares under the Loan Share Plan, the Board considered the scope of the executive and non executive directors' roles, the business challenges facing the Company and market practice for the remuneration of executive and non executive officers in positions of similar responsibility. Accordingly, they determine that the proposed grant of Plan Shares to the Eligible Directors is appropriate.

A summary of the Loan Share Plan is provided in Section 5.4. The terms of the specific offer to each of the Eligible Directors is summarised below.

7.1 ASX Listing Rules 10.14

ASX Listing Rule 10.11 provides a general restriction against issuing securities to directors without shareholder approval.

ASX Listing Rule 10.14 provides that a company must not issue equity securities to a director of the company under an employee incentive scheme (such as the Loan Share Plan) unless the issue has been approved by shareholders by ordinary resolution. If approval is given by Shareholders under ASX Listing Rule 10.14, separate shareholder approval is not required under ASX Listing Rule 10.11.

Under Resolutions 6 - 10, the Company seeks approval from Shareholders for the issue of Plan Shares to the Eligible Directors, who by virtue of their position as executive and non executive Directors of the Company, are related parties of the Company.

7.2 Section 208 of the Corporations Act

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. Section 208 of the Corporations Act prohibits a public company giving a financial benefit to a related party unless of a number of exceptions apply.

A "financial benefit" is defined in the Corporations Act in broad terms and includes a public company issuing securities and the provision of a loan.

Under the Corporations Act, a director of a company is a related party of that company. As the Eligible Directors are Directors of the Company, the proposed issue of Plan Shares and the provision of a loan to those persons to assist in their acquisition of the Plan Shares constitute the giving of a financial benefit.

Section 208(1) of the Corporations Act provides that for the Company to give a financial benefit to a related party of the Company, the Company must:

- (a) obtain the approval of Shareholders to grant the financial benefit; and
- (b) give the benefit within 15 months following such approval,

unless the benefit falls within one of the exceptions set out in the Corporations Act.

Accordingly, the Company seeks Shareholder approval of the issue of Plan Shares, and to provide loans to the Eligible Directors.

7.3 Information required under the Listing Rules and Corporations Act

For the purpose of Listing Rule 10.15, and sections 217 – 227 of the Corporations Act, the following information is provided to Shareholders for the purpose of obtaining Shareholder approval for the proposed issues of Plan Shares to the Eligible Directors under the Loan Share Plan and the provision of a loan to each of those persons to assist them in the acquisition of their Plan Shares:

- (a) The maximum number of Plan Shares that can be acquired by the Eligible Directors under Resolutions 6 – 10 is as follows:

Name	Maximum number of Plan Shares
Michael Ramsden	7,000,000
Benjamin Bell	13,000,000
Mick Elias	7,000,000
Dominic Marinelli	7,000,000
Neil Warburton	7,000,000

- (b) The issue price for the Plan Shares will be the market price for the Plan Shares (being the 5 day Volume Weighted Average Price of the Company's ordinary shares immediately prior to the date of grant) (**Issue Price**).
- (c) There have not been any Plan Shares issued or acquired under the Loan Share Plan to date.
- (d) All of the non executive and executive directors, full-time and part-time employees of the Company (or any subsidiary of the Company), and any other person as determined by the Board, may participate, at the Directors' invitation, in the Loan Share Plan. The Eligible Directors are eligible to Participant in the Loan Share Plan.
- (e) The Company intends to make an offer to the Eligible Directors as soon as possible following this Meeting, and in any event, within 12 months after the date of Shareholder approval.
- (f) A voting exclusion statement in relation to Resolutions 6 – 10 is included in the notice of annual general meeting.

- (g) The Company will offer an interest free loan to the Eligible Directors for the total value of the Issue Price of the Plan Shares to assist them to subscribe for the Plan Shares. The material terms of the loan are:
- (i) the loan in relation to a Plan Share must be repaid on the earlier of;
 - (A) the repayment date (if any) as specified in the offer documentation of the borrower;
 - (B) the date that the Plan Shares have been forfeited (i.e. when the borrower of the loan ceases employment or office with the Company); and
 - (C) the date that the borrower has otherwise disposed of, or attempted to dispose of the Plan Shares;
 - (ii) the borrower of the loan must use that loan solely for the purpose of assisting in financing the acquisition of the Plan Shares;
 - (iii) where security cannot be taken over the Plan Shares of the borrower of the loan due to section 259B of the Corporations Act, the borrower will take all reasonable actions requested by the Company that are permitted by law and which reflect the commercial rationale of the loan to provide comfort to the Company in respect of the recoverability of that loan; and
 - (iv) the Borrower may only dispose of the Plan Shares that was acquired with the assistance of a loan if that loan is repaid in full to the Company.

A copy of the loan agreements will be available for inspection at the annual general meeting.

- (h) A related party to whom Resolutions 6 – 10 would permit a financial benefit being given is each of the Eligible Directors.
- (i) The nature of the financial benefit to be given to Eligible Directors is as follows:

Name	Maximum number of Plan Shares to be issued	Value of the financial benefit	
		Loan	Interest
Michael Ramsden	7,000,000	\$98,000	\$37,975
Benjamin Bell	13,000,000	\$182,000	\$70,525
Mick Elias	7,000,000	\$98,000	\$37,975
Dominic Marinelli	7,000,000	\$98,000	\$37,975
Neil Warburton	7,000,000	\$98,000	\$37,975

The amount of the loan to be provided to each of the Eligible Directors will equal the aggregate of the Issue Price for each of the Plan Shares acquired by those persons.

Note:

1 The maximum amount of the Loan to be provided to each director can be calculated by multiplying the number of Plan Shares to be issued by the issue price (as determined by the 5 day weighted average price of the Company's ordinary shares before the date of this Notice (ie \$0.014) and the interest foregone on each Loan is estimated by the Company for each director based on a 5 year loan term and applying an interest rate of 7.75% per annum (being the margin loan rate as per the Reserve Bank of Australia's indicator Lending Rates for August 2014) and assuming monthly repayments of interest and principal repayment at the end of the Loan term.

- (j) In respect of Resolution 6, all Directors recommend that Shareholders vote in favour of Resolution 6, save for Michael Ramsden who has an interest in the outcome of Resolution 6 and declines to make a recommendation in respect of it.
- (k) In respect of Resolution 7, all Directors recommend that Shareholders vote in favour of Resolution 7, save for Benjamin Bell who has an interest in the outcome of Resolution 7 and declines to make a recommendation in respect of it.
- (l) In respect of Resolution 8, all Directors recommend that Shareholders vote in favour of Resolution 8, save for Mick Elias who has an interest in the outcome of Resolution 8 and declines to make a recommendation in respect of it.
- (m) In respect of Resolution 9, all Directors recommend that Shareholders vote in favour of Resolution 9, save for Dominic Marinelli who has an interest in the outcome of Resolution 9 and declines to make a recommendation in respect of it.
- (n) In respect of Resolution 10, all Directors recommend that Shareholders vote in favour of Resolution 10, save for Neil Warburton who has an interest in the outcome of Resolution 10 and declines to make a recommendation in respect of it.
- (o) As at the date of this Notice of Meeting, the Eligible Directors hold the following relevant interests in Shares in the Company:

Name	Shares	Options	% of the current issued share capital of the Company on a fully diluted basis¹
Michael Ramsden	38,953,347	6,800,000	5.52%
Benjamin Bell	9,080,731	13,600,000	2.74%
Mick Elias	3,553,847	6,800,000	1.25%
Dominic Marinelli	25,775,505	6,800,000	3.93%
Neil Warburton	9,152,357	6,800,000	1.93%

Note:

1 This assumes that no other Shares are issued and no Options are exercised prior to the date of the Meeting.

- (p) If Shareholders approve Resolutions 6 – 10 (assuming the maximum number of Plan Shares are granted to the Eligible Directors), those persons will have the following interests in Shares:

Name	Shares	Options	% of the issued share capital of the Company on a fully diluted basis after the proposed issue of shares¹
Michael Ramsden	45,953,347	6,800,000	6.07%
Benjamin Bell	22,080,731	13,600,000	4.10%
Mick Elias	10,553,847	6,800,000	2.00%
Dominic Marinelli	32,775,505	6,800,000	4.55%
Neil Warburton	16,152,357	6,800,000	2.64%

Note:

- 1 This assumes that no other Shares are issued and no Options are exercised prior to the date of the Meeting.
- 2 All Options that have not been exercised will expire on 30 November 2014. The Plan Shares will not be issued prior to that date.

- (q) Details of each of the Eligible Director's remuneration for the financial year ended 30 June 2014 is as follows:

Name	Number of Plan Shares	Base Salaries per annum (including superannuation, Insurance premiums) or consulting fees)	Share-based payments (options)	Total Remuneration
Michael Ramsden	7,000,000	\$74,297	\$1,986	\$76,283
Benjamin Bell	13,000,000	\$305,618	\$3,970	\$309,588
Mick Elias	7,000,000	\$48,797	\$1,986	\$50,783
Dominic Marinelli	7,000,000	\$48,797	\$1,986	\$50,783
Neil Warburton	7,000,000	\$48,797	\$1,986	\$50,783

- (r) Under the Company's current circumstances, the Board considers that the incentives to the Eligible Directors which would be represented by loans allowing the acquisition of the Plan Shares would be a cost-effective and efficient incentive for the Company to provide, as opposed to alternative forms of incentives such as cash bonuses or increased remuneration.

The granting of the loans will have no effect on the Company's cash flow (other than in respect of any costs associated with the granting of the loan which are not expected to be material) as the Plan Shares will be issued to each participant and a loan granted for the total value of Issue Price of the Plan Shares.

The Board does not consider that the giving of the financial benefit will be likely to materially prejudice the interests of the Company or its Shareholders or the Company's ability to pay its creditors.

The loans are to be interest free. Also, the terms of the loan are such that they are limited recourse. This means that if the borrower of the loan does not repay the loan when it is due for repayment, the Company can only require the Participant to sell those Plan Shares which were acquired with the assistance of the loan. The proceeds of such sale will constitute full satisfaction of the loan even where such proceeds are less than the loan balance at that time. In this event, the borrower would receive a financial benefit from the Company in the form of the Company forgiving the amount of the loan not repaid using the sale proceeds.

The circumstances where the borrower will be entitled to any surplus proceeds is set out in Section 5.4(e). If the borrower is entitled to any surplus proceeds from the sale over and above the loan balance of the borrower at the time, the borrower would have received a financial benefit as the borrower was able to earn a capital gain on the Plan Shares without having to fund the acquisition of the Plan Shares with the borrower's own funding or alternatively with a loan from a third party at commercial interest rates. The borrower of the loan will also have held voting rights in the Plan Shares and associated rights for the duration of the loan.

The Board considers that the limited recourse nature of the loan is appropriate to enable the Company to adequately incentivise the Eligible Directors and encourage them to increase their shareholdings in the Company to align their interests with those of other Shareholders. The board of Directors considers that the benefits achieved by offering a limited recourse loan exceed the potential detriment to the Company of the loan not being fully repaid.

- (s) Other than the material set out in this Explanatory Memorandum;
- (i) the Board of Directors does not consider that from an economic and commercial point of view, there are any costs or detriments, including opportunity costs or material taxation consequences for the Company or benefits foregone by the Company in issuing the Plan Shares and granting the loans to the Directors; and

- (ii) the Board is not aware of any other information which Shareholders of the Company would reasonably require in order to decide whether or not it is in the Company's best interest to pass Resolutions 5 – 11.

7.4 Approval of giving financial assistance to Directors

Resolutions 6 – 10 also seek the approval of Shareholders, pursuant to section 260B(1) of the Corporations Act, for financial assistance which is to be provided by the Company to assist the acquisition by Michael Ramsden, Benjamin Bell, Mick Elias, Dominic Marinelli and Neil Warburton (**Assisted Directors**) of Shares under the Company's Loan Share Plan.

Section 260A of the Corporations Act provides that a company may financially assist a person to acquire shares (or units of shares) in the company, or its holding company, only in certain circumstances, one of which is where the assistance is approved by a special resolution of the shareholders of the company under section 260B of the Corporations Act.

As stated in Section 5.3 of this explanatory statement, section 260C(4) of the Corporations Act states that an exemption will apply if the financial assistance is given under an employee share scheme that has been approved by shareholders at a general meeting. However, that exemption will only apply to certain persons including employees of the Company and directors of the Company who hold a salaried employment or office in the Company.

The Company proposes to provide financial assistance to each of the Assisted Directors to assist their acquisition of Shares under the Company's Loan Share Plan. The provision of the loans to the Assisted Directors will constitute the giving of financial assistance under section 260A of the Corporations Act (**Financial Assistance**).

The terms of the loan agreement which the Company proposes to enter into with each of the Assisted Directors is set out in Section 5.4 of this Explanatory Memorandum. The amount of the loan to be provided to each of the Assisted Directors will equal the aggregate of the Issue Price for each of the Plan Shares acquired by those persons.

The Company proposes to provide the Financial Assistance to the Assisted Directors as soon as possible following this Meeting and in any event within 12 months of the date of this Meeting.

As set out in Section 5.4 of this explanatory memorandum, each loan is granted for the total Issue Price of the Plan Shares at the time the Plan Shares are issued to each Assisted Director. The granting of the loans will therefore have no effect on the Company's cash flow (other than in respect of any costs associated with the granting of the loan which are not expected to be material).

Accordingly, the Directors are of the view that there are reasonable grounds to believe that providing the Financial Assistance will not materially prejudice the interests of the Company, its shareholders and the ability to pay its creditors. The Directors have unanimously approved this statement.

GLOSSARY

\$ means Australian dollars.

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

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

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.

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

- (t) a spouse or child of the member;
- (u) a child of the member's spouse;
- (v) a dependent of the member or the member's spouse;
- (w) 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;
- (x) a company the member controls; or
- (y) a person prescribed by the Corporations Regulations 2001 (Cth).

Company means Australian Mines Limited (ACN 073 914 191).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying 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.

Loan Share Plan means the proposed employee incentive plan in respect of the Company set out in the Explanatory Statement through which it is proposed to grant Shares to Eligible Persons.

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.

Participant means an Eligible Person who has been issued and/or transferred a Plan Share in accordance with the Loan Share Plan;

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2014.

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 holder of a Share.

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

PROXY FORM

**APPOINTMENT OF PROXY
AUSTRALIAN MINES LIMITED
ACN 073 914 191**

ANNUAL GENERAL MEETING

I/We

of

appoint

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

Name of proxy

OR

the Chair as my/our proxy

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 1.30 pm WST on 25 November 2014 at The Celtic Club, 48 Ord Street, West Perth WA 6005, and at any adjournment thereof.

The Chair intends to vote in favour of all resolutions in which the Chair is entitled to vote, and to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote proxies, including Resolutions 1 and 4-10.

Voting on business of the Meeting

FOR

AGAINST

ABSTAIN

Resolution 1 – Adoption of Remuneration Report	☐	☐	☐
Resolution 2 – Re-Election of Director – Dominic Marinelli	☐	☐	☐
Resolution 3 – Approval of 10% Placement Capacity	☐	☐	☐
Resolution 4 – Approval of Share Loan Plan	☐	☐	☐
Resolution 5 – Approval of termination benefits under the Share Loan Plan	☐	☐	☐
Resolution 6.1 – Approval to issue Shares and provide a Loan to Michael Ramsden	☐	☐	☐
Resolution 6.2 – Approval of Financial Assistance to Michael Ramsden	☐	☐	☐
Resolution 7.1 – Approval to issue Shares and provide a Loan to Benjamin Bell	☐	☐	☐
Resolution 7.2 – Approval of Financial Assistance to Benjamin Bell	☐	☐	☐
Resolution 8.1 – Approval to issue Shares and provide a Loan to Mick Elias	☐	☐	☐
Resolution 8.2 – Approval of Financial Assistance to Mick Elias	☐	☐	☐
Resolution 9.1 – Approval to issue Shares and provide a Loan to Dominic Marinelli	☐	☐	☐
Resolution 9.2 – Approval of Financial Assistance to Dominic Marinelli	☐	☐	☐
Resolution 10.1 – Approval to issue Shares and provide a Loan to Neil Warburton	☐	☐	☐
Resolution 10.2 – Approval of Financial Assistance to Neil Warburton	☐	☐	☐

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

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

Signature of Shareholder(s):

Date: _____

Individual or Shareholder 1

Shareholder 2

Shareholder 3

Sole Director/Company Secretary

Director

Director/Company Secretary

Contact Name: _____ **Contact Ph (daytime):** _____

Instructions for Completing 'Appointment of Proxy' Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
 - **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to Australian Mines Limited, PO Box 883 West Perth WA 6872 or Level 1, 83 Havelock Street, West Perth, Western Australia 6005; or
 - (b) facsimile to the Company on facsimile number +61 8 9481 5611; or
 - (c) email to the Company at office@australianmines.com.au,so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.
