



IMX Resources

Notice of annual general meeting

IMX Resources Limited

ABN 67 009 129 560

The Main Function Room

Celtic Club

48 Ord Street

West Perth

26 November 2014 at 4:30 pm (Perth time)

Notice of annual general meeting

IMX Resources Limited ABN 67 009 129 560

Location	The Main Function Room, Celtic Club, 48 Ord Street, West Perth, Western Australia
Date	26 November 2014
Time	4:30 p.m. (Perth time)

Notice is hereby given that an annual general meeting of Shareholders of IMX Resources Limited (the **Company**) will be held at 4:30 pm (Perth time) on Wednesday 26 November 2014 at The Main Function Room, Celtic Club, 48 Ord Street, West Perth, Western Australia (the **Meeting**).

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 24 November 2014 at 4:00pm (WST) (4:00am Toronto time in Canada).

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Schedule 1.

AGENDA

1. Annual Report

To table and consider the Annual Report of the Company and its controlled entities for the financial year ended 30 June 2014, which includes the Financial Report, the Directors' Report and the Auditor's Report.

2. Resolution 1 – Adoption of Remuneration Report

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

"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 of the Company."

Note: The vote on Resolution 1 will be an advisory vote of Shareholders only, and will not bind the Directors or the Company.

Please refer to the Explanatory Memorandum for details.

This resolution is subject to voting exclusions as set out in section 8.2 of the Explanatory Memorandum.

3. Resolution 2 – Re-election of Director – Kellie Benda

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

"That, for the purpose of clause 46 of the Constitution and for all other purposes, Kellie Benda, a Director who was appointed by the Directors on 1 August 2012, and elected at the November 2012 Annual General Meeting, retires, and being eligible, is re-elected as a Director."

4. Resolution 3 – Election of Director – Derek Fisher

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

"That, for the purpose of Listing Rule 14.4 and for all other purposes, Derek Fisher, a Director who was appointed by the Directors on 12 February 2014, as an addition to the Board since the last Annual General Meeting, retires, and being eligible, is elected as a Director."

5. Resolution 4 – Election of Director – Nicholas Corlis

"That, for the purpose of Listing Rule 14.4 and for all other purposes, Nicholas Corlis, a Director who was appointed by the Directors on 3 September 2014, as an addition to the Board since the last Annual General Meeting, retires, and being eligible, is elected as a Director."

6. Resolution 5 – Approval of Additional 10% Capital Raising Capacity

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

"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, the Shareholders approve the Company having the additional capacity to issue Equity Securities in an amount up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum without the need to seek further Shareholder approval."

This resolution is subject to voting exclusions as set out in section 8.2 of the Explanatory Memorandum.

7. Resolution 6 – Approval of Share Appreciation Rights and Performance Rights Plan

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

*"That, for the purpose of Listing Rule 7.2 (Exception 9(b)), sections 200B and 200E of the Corporations Act and for all other purposes, the IMX Resources Share Appreciation Rights and Performance Rights Plan (the **Plan**) Rules tabled at the Meeting (and signed by the Chairman of the Meeting for the purposes of identification) (the **Plan Rules**), and the issue of securities and the giving of benefits under the Plan (including the grant of Performance Rights (PRs) and Share Appreciation Rights (SARs), and the issue of Shares upon vesting of PRs and SARs, issued under the Plan), is approved."*

Short Explanation: Approval is sought under Listing Rule 7.2 (Exception 9(b)) to enable the Company to issue securities under the Plan, without those securities counting towards the Company's 15% limit for new issues in Listing Rule 7.1.

Please refer to the Explanatory Memorandum for details.

This resolution is subject to voting exclusions as set out in section 9.12 of the Explanatory Memorandum.

8. Resolution 7 – Issue of Performance Rights and Share Appreciation Rights to Mr Nicholas Corlis and issue of Shares to settle the Performance Rights and Share Appreciation Rights upon vesting

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

"That, for the purpose of Listing Rule 10.14, sections 200B and 200E of the Corporations Act and for all other purposes, the grant of 251,845 PRs that may vest in FY2015, 844,442 PRs that may vest in FY 2017 and 10,125,000 SARs that may vest in FY2017 to Mr Corlis (including the issue of Shares on the vesting of those PRs or SARs) under the Plan, on the terms and conditions described in the Explanatory Memorandum to this Notice, and any benefit under the Plan relating to the PRs and SARs (including the issue of Shares on the vesting of those PRs and SARs) that may be given to Mr Corlis in connection with any future retirement from office or employment with the Company, are approved."

Short Explanation: Approval is sought under Listing Rule 10.14 to allow the Company to grant the PRs and SARs to a Director (Mr Corlis) and to issue Shares to settle such PRs and SARs under the 2014 Plan. Approval is also sought under the Corporations Act for benefits under the 2014 Plan relating to those PRs and SARs (including the issue of Shares on the vesting of those PRs and SARs) that may be given in connection with any future retirement by Mr Corlis from an office or employment with the Company.

Please refer to the Explanatory Memorandum for details.

This resolution is subject to voting exclusions as set out in section 10.6 of the Explanatory Memorandum.

9. Resolution 8 – Issue of Performance Rights to non-executive Directors and issue of Shares to settle the Performance Rights upon vesting

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

"That, for the purpose of Listing Rule 10.14 of the Listing Rules of ASX Limited, sections 200B and 200E of the Corporations Act and for all other purposes, the grant of PRs that may vest in FY2015 to the non-executive Directors, being Mr Fisher (450,369 PRs), Ms Benda (309,629 PRs) and Mr Sun (309,629 PRs), including the issue of Shares on the vesting of those PRs, under the Plan, on the terms and conditions described in the Explanatory Memorandum to this Notice, and any benefit under the Plan relating to the Rights (including the issue of Shares on the vesting of those Rights) that may be given to Mr Fisher, Ms Benda and Mr Sun in connection with any future retirement from office or employment with the Company, are approved."

Short Explanation: Approval is sought under Listing Rule 10.14 to allow the Company to grant the PRs to and to issue Shares to settle these Rights under the Plan. Approval is also sought under the Corporations Act for benefits under the Plan relating to those PRs (including the issue of Shares on the vesting of those PRs) that may be given in connection with any future retirement by Mr Fisher, Ms Benda or Mr Sun from an office or employment with the Company.

Please refer to the Explanatory Memorandum for details.

This resolution is subject to voting exclusions as set out in section 11.5 of the Explanatory Memorandum.

10. Resolution 9 – Ratification of issue of Performance Rights and Share Appreciation Rights

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

"That, for the purposes of Listing Rule 7.4 and for all other purposes, the issue of 11,051,998 Performance Rights and 19,529,100 Share Appreciation Rights, on the terms and conditions set out in the Explanatory Memorandum, be approved and ratified."

Please refer to the Explanatory Memorandum for further details.

This resolution is subject to voting exclusions as set out in section 12.2 of the Explanatory Memorandum.

11. Resolution 10 – Spill Meeting (if applicable)

Resolution 10 will only be put to Shareholders if 25% or more of the votes on Resolution 10(Adoption of Remuneration Report) are cast against the adoption of the Remuneration Report.

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

"That:

- an extraordinary general meeting of Shareholders (the **Spill Meeting**) be held within 90 days of the passing of this Resolution;*
- all of the Directors who were directors of the Company when the Board resolved to make the Directors' Report for the financial year ending 30 June 2013 (being Derek Fisher, Kellie Benda, Robert Sun and Nicholas Corlis) and who remain in office as at the date of the Spill Meeting, cease to hold office immediately before the end of the Spill Meeting; and*
- resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting be put to the vote at the Spill Meeting."*

Please refer to the Explanatory Memorandum for details.

This resolution is subject to voting exclusions as set out in section 13.1 of the Explanatory Memorandum.

Dated 14 October 2014

BY ORDER OF THE BOARD



Stuart McKenzie
Company Secretary

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at the Meeting to be held at 4:30 pm (Perth time) on Wednesday 26 November 2014 at The Main Function Room, Celtic Club, 48 Ord Street, West Perth, Western Australia.

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions in the Notice.

A Proxy Form accompanies the Explanatory Memorandum.

1.1 Shareholders on the Canadian Share Register

If you are a Shareholder registered on the Canadian Share Register of the Company and are unable to attend the Meeting in person, please date and execute the accompanying Proxy Form and return it not later than 4:30 am Toronto time on Monday 24 November 2014 to:

Computershare Investor Services Inc.
100 University Avenue, 9th Floor
Toronto, Ontario, Canada
M5J 2Y1
Fax: +1-866-249-7775 (inside North America)
Fax: +1-416-263-9524 (outside North America)

If you are a non-registered Shareholder and receive these materials through your broker or through another intermediary, please complete and return the Proxy Form in accordance with the instructions provided to you by your broker or intermediary.

The Board of Directors has fixed 4:00 pm WST on Monday 24 November 2014 as the record date (being 4:00 am Toronto time) which entitles Shareholders to vote at the Meeting (**Voting Record Date**) and 20 October 2014 as the record date which entitles Shareholders of record at the close of business on 20 October 2014 to receive the Notice of Meeting (**Notice Record Date**). If you become a registered Shareholder on the Canadian Share Register by acquiring Shares between the Notice Record Date and the Voting Record Date and wish to vote such Shares at the Meeting by proxy, contact Computershare Investor Services Inc. for further information. If you become a non-registered Shareholder by acquiring Shares between the Notice Record Date and the Voting Record Date and wish to vote such Shares at the Meeting, you should contact your broker or intermediary for instructions on how to do so.

1.2 Voting by Non-Registered Shareholders on the Canadian Share Register

Only registered shareholders of the Company or the persons they appoint as their proxies are permitted to vote at the Meeting. Some shareholders on the Canadian Share Register of the Company are "non-registered" Shareholders because the Shares they own are not registered on the Canadian Share Register in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the Shares. Shares beneficially owned by a non-registered Shareholder are registered either: (i) in the name of an intermediary that the non-registered Shareholder deals with in respect of the Shares (intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFFs, RESPs and similar plans); or (ii) in the name of a clearing agency

(such as CDS Clearing and Depository Services Inc.) of which the intermediary is a participant. The Company will have distributed copies of these materials to the clearing agencies and intermediaries for distribution to non-registered Shareholders.

Intermediaries are required to forward the materials to non-registered Shareholders unless a non-registered Shareholder has waived the right to receive them. Generally, non-registered Shareholders who have not waived the right to receive Meeting Materials will either: (i) be given a voting instruction form which is not signed by the intermediary and which, when properly completed and signed by the non-registered Shareholder and returned to the intermediary or its service company, will constitute voting instructions (often called a **voting instruction form**) which the intermediary must follow, or, (ii) be given a Proxy Form which has already been signed by the intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of Shares beneficially owned by the non-registered Shareholder but which is otherwise not completed by the intermediary. Because the intermediary has already signed the Proxy Form, this Proxy Form is not required to be signed by the non-registered Shareholder when submitting the Proxy Form. In this case, the non-registered Shareholder who wishes to submit a Proxy Form should properly complete the Proxy Form and deposit it with Computershare Investor Services Inc. as set out above.

In either case, the purpose of these procedures is to permit non-registered Shareholders to direct the voting of the Shares they beneficially own. Non-registered Shareholders should carefully follow the instructions of their intermediary, including those regarding when and where the proxy or voting instruction form is to be delivered.

1.3 Disclosure Required by National Instrument 71-102

The Company is a “designated foreign issuer” as such term is defined by Canadian National Instrument 71-102. The Company is subject to the foreign regulatory requirements of the ASX and the Australian Securities & Investments Commission. As such, the Company is exempt from certain requirements otherwise imposed on reporting issuers in Canada, including in connection with meetings of shareholders.

1.4 TSX Director Waiver Disclosure

As of 31 December 2012, the TSX introduced new requirements for annual elections of directors of TSX listed entities. Section 461.1 of the TSX Company Manual requires that at each Annual General Meeting, all directors of a TSX listed entity must stand for re-election and all shareholders must be permitted to vote on the election of all directors. IMX applied for and received a waiver of this requirement from the TSX, which waiver requires that certain disclosures be made to shareholders. The waiver was granted on the basis that the Company's securities are listed on the ASX; the Company was incorporated under the (Australian) Corporations Act 2001; at least 75% of the Company's trading value and volume over the six months immediately preceding the request for the waiver occurred on the ASX; and the Company confirmed to TSX that it is in compliance with director election standards and practices of Australia and the ASX. The waiver lapses annually and the Company intends to re-apply for each subsequent meeting at which directors are to be elected.

2. Action to be taken by Shareholders

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 Proxies

A Proxy Form accompanies this Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company's share registry (Computershare) in accordance with the instructions thereon. Lodgment of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a Shareholder of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a Shareholder of the Company; and
- (c) a Shareholder of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

2.2 Voting Exclusions

Pursuant to requirements of the Corporations Act and Listing Rules, certain voting exclusions apply to Resolution1 and Resolutions 5 to 9. Please refer to discussion of the relevant Resolutions below for details of the applicable voting exclusions.

3. Annual Report

There is no requirement for Shareholders to approve the Annual Report.

Shareholders will be offered the opportunity to:

- (a) discuss the Annual Report (which is available online at www.imxresources.com.au);
- (b) ask questions or make comments on the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- (a) the preparation and the content of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies of the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than five Business Days before the Meeting to the Company Secretary at the Company's registered office.

4. Remuneration Report

4.1 Resolution 1 – Adoption of Remuneration Report

The Company's Remuneration Report is set out in pages 21 to 31 of the Annual Report. The Remuneration Report (among other things) provides Shareholders with information relating to the Group's remuneration policies and details of the remuneration for the Key Management Personnel (which includes the Directors (both executive and non-executive) and other specified senior managers of the Group).

The Corporations Act provides that the Company is required to put the Remuneration Report to the vote of Shareholders (as a non-binding resolution). If the Company receives a 'no' vote of 25% or more in relation to its Remuneration Report at two consecutive annual general meetings, then the Company is required at the second annual general meeting to put an additional resolution to Shareholders, to consider whether a further meeting (within 90 days) should be held at which all Directors (other than the Managing Director) must stand for re-election.

At the Company's 2013 annual general meeting, the resolution for the adoption of the Remuneration Report received more than 25% 'no' votes, which resulted in the Company's 'first strike'.

Although under the Corporations Act, Resolution 1 is of an advisory only nature, the Board takes the Shareholders' concerns seriously and since the 2013 annual general meeting has put into place a number of new initiatives that seek to address Shareholders' concerns.

- The Board and Management team have sought to ensure future remuneration for Directors and Executives is benchmarked against relevant industry peers, current market practices and delivers transparent performance-based incentives that enable the Company to attract and retain high quality Directors, Executives and employees.
- The Nomination and Remuneration Committee sought external advice in respect of the benchmarking of executive and Director salaries, re-structured the short-term incentive scheme and approved a long-term incentive scheme for implementation during the 2015 financial year (refer to sections 9.5 and 9.6 below for further information on the STI and LTI plans).
- During the 2014 financial year, with the exception of two Executives who received CPI adjustments following two years without a salary review, Executives did not receive salary increases.
- Subsequent to completion of the Remuneration Report, the composition of executive salaries and Director fees has been restructured to provide for a lower portion of remuneration to be paid in cash and a higher portion to be paid in Performance Rights. Under the Company's present circumstances, the Board considers that the reduction in cash salary and grant of PRs is a cost effective and appropriate approach to remunerating these individuals. The restructure has involved a reduction in Executive salaries by amounts between 10% and 50%, and in Director fees by 10%, and the granting of Performance Rights to both Executives and Directors, the latter of which is subject to shareholder approval (refer to section 9.4 below for further information).
- As the Remuneration Report for the financial year ending 30 June 2013 received a 'no' vote of 25% or more at the 2013 annual general meeting, if there is a 'no' vote of 25% or more on Resolution 1 the Company will receive a 'second strike' and shareholders will be asked to consider Resolution 9.
- The Chairman will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.
- **Noting that each Director has a personal interest in their own remuneration from the Company (as described in the Remuneration Report), the Board unanimously recommends that Shareholders vote in favour of Resolution 1.**
- The Chairman intends to exercise all undirected proxies **in favour** of Resolution 1. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorization for the Chairman to vote your proxy in accordance with the Chairman's intention even though the resolution is connected directly or indirectly to the remuneration of Key Management Personnel.

4.2 Voting Exclusion

A vote on Resolution 1 must not be cast (in any capacity) by, or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member.

However, a person described above may cast a vote on Resolution 1 as proxy if the vote is not cast on behalf of a person described above and either:

- (a) the person does so as a proxy appointed by writing that specifies how the person is to vote on Resolution 1; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy:
 - (i) does not specify the way the Chairman is to vote on Resolution 1; and
 - (ii) expressly authorises the Chairman to exercise the Proxy even though Resolution 1 is connected directly or indirectly with the remuneration of Key Management Personnel.

5. Resolution 2 – Re-election of Director – Kellie Benda

Clause 46.1 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, provided always that no Director (except a managing director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

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 under clause 46.1 of the Constitution is eligible for re-election.

In calculating the number of Directors, of which one third must retire and if eligible, be re-elected, the following people are not included in the calculation:

- The Managing Director, (the Company does not currently have a Managing Director), pursuant to clause 63.6 of the Constitution; and
- Any Director who was appointed during the year by the Directors (being Derek Fisher and Nicholas Corlis), pursuant to clause 45.2 of the Constitution.

As the Company has three non-executive Directors that are to be included in the calculation of the number of Directors that must retire and stand for re-election, one Director must retire due to the operation of clause 46.1 of the Constitution.

Kellie Benda, who was appointed by the Directors on 1 August 2012, and elected at the November 2012 Annual General Meeting, will retire in accordance with clause 46.1 of the Constitution and being eligible, seeks re-election. Kellie Benda's background and experience is as follows:

Kellie Benda, BA, LLB, MAppFin, ASIA, Harvard AMP, FAICD, FAIM

Independent, Non-Executive Director - Age 46

Experience, expertise and directorships

Kellie Benda is currently Executive General Manager Strategy and Corporate Development with ASX listed company, Emeco Holdings Limited. Formerly, she was with Aurizon Holdings Limited (ASX20) as Vice President – Mergers and Acquisitions. She has held senior positions with King & Wood Mallesons and PricewaterhouseCoopers and held senior roles in investment banking with global US and French banks and been an Executive Director and Head of Corporate Finance for a stockbroker. Ms Benda has been a council member of the Australian Institute of Company Directors and is on the board of the Australia Youth Orchestra and Chairman and Founder of the charity, Ready to Work Inc.

Special responsibilities

Chairman of the Board (15 October 2013 to 2 April 2014)

Chairman of the Audit and Risk Management Committee

Member of the Nomination and Remuneration Committee

Interests in shares and options

375,000 ordinary shares in IMX

The Board (excluding Kellie Benda) recommends that Shareholders vote **in favour** of Resolution 2. The Chairman of the meeting intends to vote undirected proxies **in favour** of Resolution 2.

6. Resolution 3 – Election of Director – Derek Fisher

Clause 45.1 of the Company's Constitution allows the Board to appoint a person as a Director to fill a casual vacancy. Any Director so appointed holds office only until the next following annual general meeting and is then eligible for re-election.

Derek Fisher was appointed on 12 February 2014 and accordingly will retire, and being eligible, seeks re-election. Details of Derek Fisher's background and experience are as follows:

Dr Derek Fisher, BSc (Hons 1) Geology, PhD Geology

Independent, Non-Executive Chairman - Age 65

Experience, expertise and directorships

Dr Fisher has more than 40 years' experience in mining companies, spanning both corporate and operational roles, with a particular emphasis on iron ore and nickel projects. He has played key roles in listing and managing resources companies on both the ASX and TSX as well as identifying, evaluating, developing and operating quality mine developments. Dr Fisher was co-founder and a Director of successful African copper miner Anvil Mining from 1995-2000 and co-founder and CEO/Managing Director of Moly Mines Limited from 2003 until 2012.

Special responsibilities

Chairman of the Board

Chairman of the Nomination and Remuneration Committee

Member of the Audit and Risk Management Committee

Interests in shares and options

Nil

The Board (excluding Derek Fisher) recommends that Shareholders vote **in favour** of Resolution 3. The Chairman of the meeting intends to vote undirected proxies **in favour** of Resolution 3.

7. Resolution 4 – Election of Director – Nicholas Corlis

Clause 45.1 of the Company's Constitution allows the Board to appoint a person as a Director to fill a casual vacancy. Any Director so appointed holds office only until the next following annual general meeting and is then eligible for re-election.

Nicholas Corlis was appointed on 3 September 2014 and accordingly will retire, and being eligible, seeks re-election. Details of Nicholas Corlis's background and experience are as follows:

Nicholas Corlis, B.Sc (Hons), MSc, MAIG, MAICD

Executive Director - Age 46

Experience, expertise and directorships

Nick is a geologist with over 20 years' of domestic and international experience in the resources industry across a broad range of commodities including, gold, iron ore, base metals and coal. He has significant experience in mineral exploration and project management; from project generation / M&A, discovery and resource definition, through to feasibility and development. His previous role was General Manager Business Development for Flinders Mines where he oversaw the discovery and delineation of a significant iron ore project. Prior to that, he held senior management roles with Perilya Limited, Golder Associates and WMC Limited.

Interests in shares and options

Nil

The Board (excluding Derek Fisher) recommends that Shareholders vote **in favour** of Resolution 3. The Chairman of the meeting intends to vote undirected proxies **in favour** of Resolution 3.

8. Resolution 5 – Approval of Additional 10% Capital Raising Capacity

8.1 General

Under Listing Rule 7.1, the Company is permitted, without Shareholder approval, to issue Equity Securities in an amount up to 15% of the number of shares that it had on issue 12 months earlier (**15% Capital Raising Capacity**).

The Listing Rules were amended in August 2012, to include a new Listing Rule 7.1A which enables eligible entities to seek Shareholder pre-approval for the capacity to issue additional Equity Securities, up to a further 10% of the Company's issued capital, in the 12 month period following the Meeting. This 10% capacity under Listing Rule 7.1A is separate to and in addition to the existing 15% Capital Raising Capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P ASX 300 Index and has a market capitalization of \$300 million or less. The Company is an eligible entity.

The purpose of Listing Rule 7.1A is to provide mid to small-cap companies with more options for raising capital.

Resolution 5 seeks Shareholder approval (as a special resolution) for the Company to be able to issue additional Equity Securities up to 10% of the Company's issued share capital (**Additional Equity Securities**) over the 12 month period following the Meeting, each at an issue price of not less than 75% of the VWAP for the relevant Equity Securities being issued, calculated over the 15 trading days on which trades in those Equity Securities recorded immediately before either (1) the day on which the price at which those Equity Securities are to be issued is agreed; or (2) if the Equity Securities are not issued within 5 trading days of the date in paragraph (1), the date on which the Equity Securities are issued (**Additional 10% Capital Raising Capacity**).

The Additional Equity Securities that the Company is permitted to issue under the Additional 10% Capital Raising Capacity must be in an existing class of the Company's quoted securities, which includes the Shares and listed Options.

If Resolution 5 is passed, the Additional 10% Capital Raising Capacity would facilitate capital raising by the Company as necessary (up to the 10% limit), without incurring the expense of having to convene a further general meeting of Shareholders.

One of ASX's aims in introducing Listing Rule 7.1A was to help improve access to capital and funding for small to mid-cap companies and to provide greater flexibility for eligible entities by providing the ability to raise capital (up to the 10% limit), without incurring the administrative and cost burden associated with holding a meeting of shareholders.

Since IMX no longer has a cash flow producing asset, the passing of Resolution 5 is especially important to provide the Board with the flexibility that may be required in the coming 12 months. The Board will always have regard to dilution of existing shareholders and will take this into account when structuring future capital raisings, should the need arise.

Should Resolution 5 be passed, the Company has no current plans to utilize the Additional 10% Capital Raising Capacity at this time.

Maximum number of Equity Securities that may be issued

The formula for calculating the number of Additional Equity Securities that the Company can issue is set out in Listing Rule 7.1A.2. In summary, it would apply to the Company as follows:

If the Company has obtained the approval of Shareholders at the Meeting (ie. if Resolution 5 is passed), the Company may issue or agree to issue, during the approval period (ie. the 12 month period after the date of the Meeting or, in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking), the date of such approval, whichever occurs first), a number of Equity Securities calculated in accordance with the formula:

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

Where:

A = The number of Shares on issue 12 months before the date of issue or agreement,

- plus the number of Shares issued in the 12 months under an exception in Listing Rule 7.2 (which contains numerous exceptions to Listing Rule 7.1 and Listing Rule 7.1A, including in relation to issues of Shares pursuant to pro rata issues, upon the conversion of convertible securities such as Options; under off-market bids, mergers by scheme of arrangement or approved employee incentive schemes, or certain issues of preference shares, etc – refer to Listing Rule 7.2 for full details),
- plus the number of partly paid Shares that became fully paid in the 12 months,
- plus the number of Shares issued with Shareholder approval under Listing Rule 7.1 (i.e the 15% Capital Raising Capacity rule) or Listing Rule 7.4 (which relates to subsequent approvals by Shareholders of an issue of Equity Securities),
- less the number of Shares cancelled in the previous 12 months.

D = 10%

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

As at the date of this Notice, the Company has 507,497,146 Shares on issue, which would enable the Company (if Resolution 5 is passed) to issue up to an additional 50,649,714 Equity Securities. The actual number of Additional Equity Securities that the Company would be able to issue under the Additional 10% Capital Raising Capacity will be calculated at the time of issue in accordance with Listing Rule 7.1A.2.

Resolution 5 is a special resolution and as such requires approval of at least 75% of the votes cast by Shareholders present and eligible to vote at the Meeting (by proxy, attorney or otherwise).

The Directors believe that Resolution 5 is in the best interests of the Company and its Shareholders as it provides the Company with additional capital raising capacity and flexibility and unanimously recommend that Shareholders vote **in favour** of this Resolution. The Chairman of the meeting intends to vote undirected proxies **in favour** of Resolution 5.

Capitalised terms used in this section 7 of the Explanatory Memorandum have the same meaning as in the Listing Rules unless otherwise defined in Schedule 1.

8.2 Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person (and any associates of such a person) who may participate in the issue of Additional Equity Securities pursuant to the Additional 10% Capital Raising Limit, and a person (and any associates of such a person) who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed.

However, the Company will not disregard a vote if:

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

At the date of the Notice, the Company has not approached any particular existing Shareholder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under this voting exclusion.

8.3 Specific information in relation to Equity Securities to be Issued Under Additional 10% Capital Raising Capacity

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the Additional 10% Capital Raising Capacity as follows:

- (a) Details of all equity securities issued during the 12 months preceding the date of the meeting are set out in the table below.

	Ordinary shares	Performance Rights	Unlisted options
Date of issue	1. August 8, 2014 2. September 24, 2014	May 12, 2014	1. October 23, 2013 2. October 23, 2013
Number issued	1. 54,999,993 2. 55,000,008	1,000,000	1. 738,478 2. 2,366,918
Class/type of equity security	Fully paid ordinary shares	Performance Rights	Unlisted options
Summary of terms	N/A	Vesting on 30 September 2014, subject to satisfaction of certain conditions	1. Exercise price \$0.096, expiry date 30 May 2016, vesting 23 October 2013. 2. Exercise price \$0.08, expiry date 29 June 2016, vesting 23 October 2013
Persons who received equity securities	Sophisticated and professional investors clients of BBY Limited	Acting Chief Executive Officer, Phil Hoskins	Azure Capital Limited
Price	\$0.027	N/A	1. Exercise price of \$0.096 2. Exercise price of \$0.08
Discount to market price	0.0067 discount to the 10 day VWAP of 30 July 2014	N/A	N/A
Total cash consideration	\$2,970,000	Nil	Nil
Amount of cash consideration spent	\$965,000	N/A	N/A
Use of cash consideration	Proceeds are being used to fund exploration work at the Chilalo graphite and Kishugu gold prospects located within the Nachingwea Property in south-east Tanzania, completion of study work required under the Tanzanian Mining Act in order to retain the tenement on which the Company's Ntaka Hill nickel sulphide resource is situated, meeting costs associated with the renewal of tenements on the Nachingwea Property and general working capital.	N/A	N/A
Intended use for remaining cash	As above	N/A	N/A
Non-cash consideration	N/A	Performance Rights issued pursuant to retention agreement	Options issued as remuneration for corporate advisory services
Current value of non-cash consideration	N/A	\$24,000	1. \$4,653 2. \$15,743 (calculated using the Black-Scholes model)

- (b) If the Company chooses to utilise the Additional 10% Capital Raising Capacity, the Additional Equity Securities would be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in the class of Equity Securities proposed to be issued were recorded, immediately before:
- (i) the date on which the price at which the Additional Equity Securities were to be issued is agreed; or
 - (ii) if the Additional Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Additional Equity Securities were issued.
- (c) If Resolution 5 is approved by Shareholders and the Company issues Additional Equity Securities under the Additional 10% Capital Raising Capacity, the voting power and economic interest in the Company of existing Shareholders' who do not receive Additional Equity Securities would be diluted as shown in the below table (in the case of listed Options, only if the listed Options are exercised). There is a risk that:
- (i) the market price for the Company's Equity Securities may be significantly lower on the date of any issue of the Additional Equity Securities than on the date of the Meeting; and
 - (ii) the Additional Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Additional Equity Securities are issued as part of consideration for the acquisition of a new asset, which may have an effect on the amount of funds raised by the issue of the Additional Equity Securities.
- (d) The below table shows the dilution of existing Shareholders on the basis of the assumed issue price of Shares being \$0.024 and the current number of Shares on issue calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.
- (e) The table also shows:
- (i) two examples where the number of shares on issue has changed, by an increase of 50% and an increase of 100%. The number of Shares on issue may increase as a result of issues of Shares that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
 - (ii) two examples of where the issue price of Shares has decreased by 50% and increased by 100% as against the assumed issue price.

Number of Shares on issue		Dilution		
		\$0.012	\$0.024	\$0.048
		50% decrease in Issue Price	Issue Price	100% increase in Issue Price
Shares currently on issue:	10% Voting Dilution	50,749,714 Shares	50,749,714 Shares	50,749,714 Shares
507,497,146 Shares	Funds raised	\$ 608,996.58	\$1,217,993.15	\$2,435,986.30
50% increase in number of Shares on issue:	10% Voting Dilution	76,124,572 Shares	76,124,572 Shares	76,124,572 Shares
761,245,719 Shares	Funds raised	\$913,494.86	\$1,826,989.73	\$3,653,979.45
100% increase in number of Shares on issue:	10% Voting Dilution	101,499,429 Shares	101,499,429 Shares	101,499,429 Shares
1,014,994,292 Shares	Funds raised	\$1,217,993.15	\$2,435,986.30	\$4,871,972.60

- (f) The table has been prepared on the following assumptions:
- (i) The Company issues the maximum number of Additional Equity Securities available under the Additional 10% Capital Raising Capacity;
 - (ii) No Options (both listed and unlisted) (including any listed Options issued under the Additional 10% Capital Raising Capacity) are exercised into Shares before the date of the issue of the Additional Equity Securities;
 - (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued Share capital at the time of issue. This is why the voting dilution is shown in each example as 10%;
 - (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional 10% Capital Raising Capacity, based on that Shareholder's holding at the date of the Meeting. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances;
 - (v) The table shows only the effect of issues of Additional Equity Securities under Listing Rule 7.1A, not under the 15% Capital Raising Capacity under Listing Rule 7.1;
 - (vi) The issue of Additional Equity Securities under the Additional 10% Capital Raising Capacity consists only of Shares. If the issue of Additional Equity Securities includes listed Options, it is assumed that those listed Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders; and
 - (vii) The issue price is assumed to be \$0.024 being the closing price of the Shares on the ASX on 9 October 2014.
- (g) If the Company chooses to utilise the Additional 10% Capital Raising Capacity, the Company would only issue and allot the Additional Equity Securities during the 12 month period following the Meeting. The approval under Resolution 5 for the issue of the Additional Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- (h) The Company may seek to issue the Additional Equity Securities for the following purposes:
- (i) Cash consideration: exploration at the Nachingwea Property in Tanzania, an acquisition of new resources, assets or investments and/or general working capital; or
 - (ii) non-cash consideration for the compensation of service providers carrying out exploration at the Nachingwea Property in Tanzania, in such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.
- (i) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the Additional 10% Capital Raising Capacity. The identity of the allottees of Additional Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
- (i) the purpose of the issue;
 - (ii) the alternative methods of raising funds that are available to the Company including, but not limited to, rights issues or other issues in which existing Shareholders can participate;
 - (iii) the effect of the issue of the Additional Equity Securities on the control of the Company;
 - (iv) the circumstances of the Company, including, but not limited to, the financial situation and solvency of the Company;

- (v) prevailing market conditions; and
 - (vi) advice from corporate, financial and broking advisers (if applicable).
- (j) The allottees under the Additional 10% Capital Raising Capacity have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.
 - (k) Further, if the Company does acquire new resources assets or investments, the allottees under the Additional 10% Capital Raising Capacity may be the vendors of the new resources assets or investments. The Company is not currently intending to issue Additional Equity Securities for the purpose of acquiring new resources assets or investments.
 - (l) The Company has not previously obtained Shareholder approval under Listing Rule 7.1A.

9. Resolution 6 – Approval of Share Appreciation Rights and Performance Rights Plan

9.1 Shareholder approval

The Company intends to adopt a Share Appreciation Rights (**SARs**) and Performance Rights (**PRs**) Plan (the **Plan**) through which Share Appreciation Rights and Performance Rights may be awarded to eligible employees at the Board's discretion as both long-term incentives (**LTIs**) and short-term incentives (**STIs**). Such awards will vest subject to vesting conditions, performance hurdles and /or other conditions as determined by the Board.

The purpose of the Plan is to provide the Company with flexibility in providing remuneration packages that include a variable 'at-risk' component to enhance alignment of interests with shareholders. In 2014, it is intended that awards of SARs and PRs be made as LTIs and STIs and that awards of PRs are made as part of the restructure of Executive salaries and Directors fees. Details of the 2014 awards are set out in sections 9.3 – 9.6 below and the rules of the Plan (**Plan Rules**) are provided in Schedule 2.

Shareholder approval is not required under the Corporations Act or the Listing Rules for the establishment or operation of the Plan. However, Shareholder approval is being sought to allow the Company to rely on an exception to the calculation of the 15% limit imposed by Listing Rule 7.1 on the number of securities that may be issued without Shareholder approval.

Listing Rule 7.1 provides that a company must not, subject to certain specified exceptions, issue or agree to issue more equity securities during any 12 month period than the amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. Listing Rule 7.2 exception 9(b) provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme that has been approved by shareholders if the issue of securities is within three (3) years from the date of shareholder approval of the issue of securities under the employee incentive scheme. Listing Rule 7.2 exception 9(b) provides that ASX Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme that has been approved by shareholders and the issue of securities is within three (3) years from the date of shareholder approval of the issue of securities under the employee incentive scheme.

Before any award of securities under the Plan is made to Directors, the Company will need to obtain separate approval of Shareholders.

9.2 TSX

Pursuant to the rules of the TSX, Shareholders must approve any security based compensation arrangement, which includes the Plan and all unallocated rights issuable thereunder. However, under section 602(g) of the TSX Company Manual, the TSX will not apply its standards regarding security based compensation arrangements, where at least 75% of the trading value and volume over the six months immediately preceding notification occurs on the ASX. The Company's ordinary share trading meets this requirement and, accordingly, the Company has notified the TSX regarding the implementation of the LTI and its reliance on the section 602(g) exemption.

9.3 Reason for introduction of the Plan

The proposed introduction of the Plan followed an external review of the Company's compensation practices and the decision by the Nomination and Remuneration Committee to recommend the establishment of structured short-term and long-term incentive plans for Executives and senior staff, in order to ensure that the reward of Executives and senior staff is linked to performance and shareholder value creation.

Previously, equity compensation has taken the form of the discretionary grant of unlisted stock options under the Company's Share Incentive Plan that was approved by Shareholders on 25 June 2008. No unlisted stock options have been issued to employees since August 2012, when there was a discretionary grant of out-of-the-money options to employees.

The Plan is designed to:

- Simplify and enhance the Company's approach to Executive and senior staff remuneration;
- Reflect developments in corporate governance and market practice; and
- Provide the Company with sufficient flexibility to accommodate changes in the Company's circumstances and market practice from time to time.

There are currently four employees, three of whom are Executives – Mr Phil Hoskins, Mr Nick Corlis and Mr Stuart McKenzie – that have been invited to participate in awards to be granted under the Plan for 2014.

9.4 Restructuring of Executive salaries and Director fees

As noted above, Executive salaries and Director fees have been restructured to reduce the portion of salaries and fees paid in cash, and to include an award of PRs under the Plan to assist with retention. The Board believes that this strikes an appropriate balance between the Company's need to manage cash costs while retaining key individuals critical to the business. The PRs will vest subject to satisfaction of a service condition and remain subject to a 3 year disposal restriction, ensuring that Executives and Directors are exposed to the same experience as shareholders over a prolonged period of time (refer to sections 10 and 11 for further details).

No exercise price is payable and PRs do not entitle the holder to notice of, or to vote or attend at, Shareholders' meetings, or to receive any dividends declared by the Company. Upon vesting, each PR will be exercised and converted into one ordinary Share in the Company.

9.5 Short-term incentives

STIs operates to link performance and reward with measurable financial and non-financial performance indicators to provide employees with clear and understandable targets that are aligned with achievement of the Group's objectives.

The Board sets the objectives of the Managing Director / CEO and these are then cascaded down through the organisation to ensure alignment of objectives. Performance objectives in respect of STIs are communicated to Executives and eligible employees at the beginning of the 12 month performance period, with performance evaluations conducted following the end of the 12 month performance period.

The Company commenced an STI scheme on 1 July 2012, with awards then payable in respect of six month performance periods ended 31 December and 30 June and satisfied in cash. Awards under the STI scheme were last made in January 2014 for performance during the six month period ended 31 December 2013, with no awards under the STI scheme paid in respect of the six months ended 30 June 2014.

To further assist with conservation of cash for operations and to enhance shareholder alignment, STI awards for 2014 will be made in the form of PRs that will vest subject to predetermined performance criteria assessed over a 12 month performance period.

As noted above, no exercise price is payable and PRs do not entitle the holder to notice of, or to vote or attend at, Shareholders' meetings, or to receive any dividends declared by the Company. Upon vesting, each PR will be exercised and converted into one ordinary Share in the Company. The Shares will remain subject to a 7 year disposal restriction, ensuring that Executives are exposed to the same experience as shareholders over a prolonged period of time (refer to section 10 for further details).

9.6 Long-term incentives

LTI awards will be delivered in a combination of PRs and SARs.

A PR is the right to be issued and/or transferred one (1) Share, subject to the satisfaction and/or waiver of vesting conditions and/or performance hurdles and/or other conditions. PRs do not entitle the holder to notice of, or to vote or attend at, Shareholders' meetings, or to receive any dividends declared by the Company.

A SAR is the right to receive an award from the Company which may be satisfied by the issue and/or transfer of Shares, cash payment or a combination of both, subject to the satisfaction and/or waiver of vesting conditions and/or performance hurdles and/or other conditions. The award is calculated by reference to the increase in the price of a Share from a base price (**Base Price**) determined by the Board prior to the grant and the volume-weighted average price per Share traded on the ASX over the thirty (30) trading days immediately preceding the time that the performance hurdles and/or other conditions are satisfied and/or waived (**Market Price**). SARs do not entitle the holder to notice of, or to vote or attend at, Shareholders' meetings, or to receive any dividends declared by the Company.

Each SAR will entitle the Participant to an award equivalent to the positive difference between the Base Price and the Market Price, subject to any vesting conditions and/or performance hurdles and/or other conditions as determined by the Board. Vested SARs may be cash or equity-settled at the Board's discretion. Economically, SARs are similar to Options as they will only reward for Share price growth.

The total value of vested SARs may be cash or equity-settled at the Board's discretion, however it is the Board's intention that SARs be satisfied by the issue of Shares. As equity-settled SARs are settled in Shares based on the subsequent Market Price, they will always deliver less Shares than an equivalent number of Options and are therefore much less dilutive to Shareholders.

The following example demonstrates how SARs are less dilutive than Options (and is not an indication of future performance or vesting outcomes):

- 100,000 SARs are granted.
- Base Price is \$1.00.
- Market Price at vesting is \$2.50.
- At vest date (and provided all vesting conditions are satisfied), the 100,000 SARs is \$150,000 (100,000 SARs x (\$2.50 - \$1.00)).
- The value of SARs is settled via an issue of 60,000 Shares (\$150,000 / \$2.50).
- Compare this to a scenario where 100,000 Options are issued. At vest date (and provided all performance hurdles are satisfied), the 100,000 Options would be settled via an issue of 100,000 Shares, provided the Options are exercised in full.

Upon vesting, PRs and SARs will be exercised and converted into the requisite number of ordinary Share in the Company. The Shares will remain subject to a 7 year disposal restriction, ensuring that Executives are exposed to the same experience as shareholders over a prolonged period of time (refer to section 10 for further details).

Allocation of SARs and PRs

The Board will have the discretion to determine each participant's allocation of SARs and PRs, with the quantum expressed as a percentage of base salary. This dollar value is then converted into the requisite number of SARs and PRs. The quantum of SARs and PRs to be granted is as follows:

- Executives: 10% of base salary as PRs and 45% of base salary as SARs
- Direct reports to Executives: 10% of base salary as PRs

Vesting conditions and performance hurdles

Any award of SARs and PRs under the Plan as LTIs is subject to vesting conditions, performance hurdles and/or other conditions as determined by the Board. The Board will have discretion to determine the vesting conditions and/or performance hurdles that must be met in order for the SARs and PRs to vest and become exercisable.

The vesting condition in respect of SARs granted as LTIs is Total Shareholder Return (**TSR**). The 10 year compound annual return for the S&P/ASX All Ordinaries Accumulation Index is approximately 8.8%. Given IMX is a higher risk investment than the broader ASX, Executives and employees incentives granted will not vest unless the Company's TSR substantially outperforms the market. For SARs granted in 2014, the TSR hurdles are as follows:

Performance against TSR hurdle	Portion of Share Appreciation Rights that vest
Compound annual TSR from 1 October 2014 to 30 June 2017 is less than 20%	Nil
Compound annual TSR from 1 October 2014 to 30 June 2017 is between 20% and 35%	50%
Compound annual TSR from 1 October 2014 to 30 June 2017 is between 35% and 50%	75%
Compound annual TSR from 1 October 2014 to 30 June 2017 is above 50%	100%

The vesting condition in respect of PRs granted as LTIs is continued service for the Performance Period, being 1 October 2014 to 30 June 2017.

Vesting period

While the Board will have the discretion to determine the vesting period, the SARs are subject to TSR assessed over the 2.75 year Performance Period from 1 October 2014 to 30 June 2017 as part of the transition to a market aligned approach to LTIs and the PRs are subject to the same performance period. Subsequent performance periods shall be three years commencing 1 July 2015.

Notwithstanding that a performance hurdle may have been satisfied, no SARs or PRs will vest unless the participant remains employed with the Company for the full vesting period. It is only if the performance hurdle is passed and the service condition is met that the SARs and PRs can be exercised into Shares. If a participant ceases employment before the service condition is passed, SARs and PRs will lapse and be forfeited, unless otherwise determined by the Board.

9.7 STIs

STIs operate to link performance and reward with measurable financial and non-financial performance indicators to provide employees with clear and understandable targets that are aligned with achievement of the Group's objectives.

The Board sets the objectives of the Managing Director / CEO and these are then cascaded down through the organisation to ensure alignment of objectives. Performance objectives in respect of STIs are communicated to Executives and eligible employees at the beginning of the 12 month performance period, with performance evaluations conducted following the end of the 12 month performance period.

The Company commenced an STI scheme on 1 July 2012, with awards then payable in respect of six month performance periods ended 31 December and 30 June and satisfied in cash. Awards under the STI scheme were last made in January 2014 for performance during the six month period ended 31 December 2013, with no awards under the STI scheme paid in respect of the six months ended 30 June 2014.

Under the Plan, STIs are in the form of PRs and will be satisfied by the issue of Shares, based on 12 month Performance Periods under. Executives shall be granted PRs equal to 10% of their base salary, the vesting of which shall be subject to achievement against agreed performance objectives.

The issue of PRs to non-executive Directors, as proposed in Resolution 9, would be made under the Plan as STIs.

9.8 Information required by the Listing Rules

In accordance with Listing Rule 7.2 (Exception 9(b)), the following information is provided with respect to the Plan:

- a) The rules for the operation of the Plan are set out in Schedule 2.
- b) The Plan is a new plan and has not previously been approved by Shareholders. At the date of this Notice, 11,051,998 PRs and 19,529,100 SARs have been issued under the Plan since its approval by the Board on 23 September 2014, with 4,165,913 PRs and 10,125,000 SARs to be issued subject to shareholder approval. No Shares have been issued.
- c) A voting exclusion statement for Resolution 6 is included below in Section 9.12.

The Board unanimously recommends that Shareholders vote **in favour** of Resolution 6.

The Chairman intends to exercise all undirected proxies **in favour** of Resolution 6. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 6, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorization for the Chairman to vote your proxy in accordance with the Chairman's intention even though the resolution is connected directly or indirectly to the remuneration of Key Management Personnel.

9.9 Potential dilution

There are currently three employees who have been invited to participate in the Plan and four Directors, one of whom is an Executive Director, who will be invited to participate in the Plan. Non-executive Directors will not receive SARs. Employees and Directors will receive 15,217,911 PRs (9,835,214 of which represent those PRs that form part of the restructure of Executive and Director Remuneration that will see cash remuneration reduced by \$202,200) and 29,654,100 SARs will be issued under the Plan. All of the SARs have a vesting date of 1 July 2017, 12,453,847 PRs have a vesting date of 1 July 2015 and 2,764,064 PRs have a vesting date of 1 July 2017.

9.10 Information required for Sections 200B and 200E of the Corporations Act

The Corporations Act provides that the Company may only give a person a benefit in connection with their ceasing to hold a "managerial or executive office" in the Company or its related bodies corporate if it is approved by Shareholders or an exemption applies (for example, where the benefit together with other benefits does not exceed the payment limits set out in the Corporations Act, including where the aggregate benefits do not exceed one year's average base salary). This restriction will apply to all Key Management Personnel.

The term "benefit" is open to a wide interpretation and may include the accelerated vesting or automatic vesting of PRs or SARs under the Plan. As outlined in the summary of the Plan in Schedule 2 to this Explanatory Memorandum, subject to the absolute discretion of the Board, accelerated vesting or automatic vesting of PRs or SARs may occur if there is a change in control of the Company or if the Board exercises a discretion upon their cessation of employment in good leaver circumstances (such as death, incapacitation, or any reason other than resignation, dismissal for cause, or fraud or criminal offence).

Shareholder approval of Resolution 6 is also sought so that the accelerated vesting or automatic vesting of PRs or SARs and the issue of Shares on their vesting ("**Benefits**") does not count towards such maximum termination amounts to the extent that the Benefits are deliverable in the absolute discretion of the Board, on a change in control of the Company or if the Board exercises a discretion upon their cessation of employment in good leaver circumstances. In general, the cessation of an employee's employment on a change of control or in good leaver circumstances will not involve poor performance.

Shareholder approval of Resolution 6 will allow the Company, where appropriate, to fulfil its obligations under the Plan to all employees equally. If Resolution 6 is not approved, employees who are KMP may not be able to receive Benefits that are available to all other employees unless subsequent Shareholder approval is obtained. Further, equity linked benefits such as the Shares issued under the Plan align senior executives with Shareholders and the Directors believe granting approval is better for Shareholders than, for example, increasing cash awards in future in lieu of share benefits. Shareholder approval is also expected to assist the Company to retain, motivate and attract key employees and is consistent with approvals sought by other listed companies in Australia.

For PRs, the value of the Benefit will depend on the number of PRs that may vest and the market value of Shares at the time of cessation of employment.

For SARs, the value of the Benefit will depend on the number of SARs that may vest and the total shareholder return over the performance period (see Schedule 4). The value of any Benefits cannot be ascertained at the present time. The Benefits will be the market value of Shares issued or transferred to the employee at the time of the vesting of the PRs or SARs. Apart from the future share price being unknown, the following are matters which will or are likely to affect the value of the Benefits:

- the performance criteria determined to apply to the participant's PRs or SARs;
- the participant's length of service and reasons for cessation of employment;
- the number of PRs or SARs granted to the participant;
- employee and Company performance factors used to determine vesting of PRs or SARs;
- the amount of other remuneration payable to the participant; and
- the exercise of the Directors' discretion at the relevant time.

It should be noted that, notwithstanding an approval by Shareholders of Resolution 6, any future grant of PRs and SARs that entitle a Director to be issued with Shares under the Plan on the vesting of PRs and SARs (as opposed to Shares acquired on-market) not expressly provided for in Resolutions 9 or 10, will remain subject to Shareholder approval under Listing Rule 10.14.

9.11 Directors' recommendation

The Directors consider that the Plan is an appropriate mechanism to assist in the recruitment, reward, retention and motivation of employees of the Company. The value of incentives being granted is in line with companies in similar circumstances and the vesting criteria ensures that value only crystallises if shareholder value is created. The Directors believe that the adoption of the Plan is in the best interests of the Company, and unanimously recommend that Shareholders vote in favour of Resolution 6.

9.12 Voting Exclusion

The Company will disregard any votes cast on this resolution by the Directors (except those who are ineligible to participate in any employee incentive scheme of the Company) and their associates. 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 directs.

A vote on Resolution 6 must not be cast (in any capacity) by, or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member. However, a person described above may cast a vote on Resolution 6 as proxy if the vote is not cast on behalf of a person described above and either:

- (a) the person does so as a proxy appointed by writing that specifies how the person is to vote on Resolution 6; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy:
 - (i) does not specify the way the Chairman is to vote on Resolution 6; and
 - (ii) expressly authorises the Chairman to exercise the Proxy even though Resolution 6 is connected directly or indirectly with the remuneration of Key Management Personnel.

10. Resolution 7 – Issue of Performance Rights and Share Appreciation Rights to Mr Nicholas Corlis and issue of Shares to settle the Performance Rights Share Appreciation Rights upon vesting

Resolution 7 seeks Shareholder approval in accordance with Listing Rule 10.14 to grant PRs and SARs to Mr Corlis and to issue Shares to settle those PRs and SARs under the Plan.

Shareholder approval is required under Listing Rule 10.14 to grant PRs and SARs to Mr Corlis and to issue Shares to settle those PRs and SARs because Mr Corlis is a Director of the Company. Mr Corlis was appointed as an Executive Director of the Company on 3 September 2014. In accordance with the restructure of executive compensation to provide for a greater portion of such compensation to be comprised of equity and a smaller portion to be comprised of cash (as explained in Section 9), the Company proposes to issue the PRs and SARs to Mr Corlis.

The PRs and SARs are to be issued as follows:

- 844,442 PRs issued as STIs under the Plan, to vest in total or in part on 1 July 2015, subject to performance against agreed performance objectives;
- 1,407,403 PRs issued under the Plan, as a 'once-off' issue pursuant to the restructure of Executive and Director remuneration, to vest on 1 July 2015;
- 844,442 PRs issued as LTIs under the Plan, to vest in total on completion of continued service to 1 July 2017; and
- 10,125,000 SARs issued as LTIs under the Plan, to vest in total or in part on 1 July 2017, subject to the vesting conditions relating to total shareholder return.

The terms and conditions of the PRs and SARs comply with the requirements of the Plan. Under the Company's present circumstances, the Board considers that the incentive represented by the issue of equity settled PRs and SARs is a cost effective and appropriate component of Mr Corlis's remuneration package, and is preferred over settling the PRs and SARs with cash.

Mr Corlis is an Executive Director of the Company. The primary purpose of the grant of the PRs and SARs is to form part of the equity at risk component of Mr Corlis's remuneration package as Executive Director of the Company. Recommendation 8.2 of ASX's Corporate Governance Principles and Recommendations (3rd edition) encourages ASX listed companies to find a balance between short-term and long-term performance objectives. In the Board's view, the issue of SARs to Mr Corlis (and the settling of them by the issue of Shares) is an appropriate means of meeting these long-term performance objectives. The Board also considers that the retention of high quality and well-credentialed executive directors, like Mr Corlis, is important to the ongoing development and success of the Company and its projects.

The Board (excluding Mr Corlis) has formed the view that remuneration in the form of the grant of the PRs and SARs under the Plan is reasonable given the Company's circumstances and Mr Corlis's circumstances (including his responsibilities), and that the terms of issue of the PRs and SARs to Mr Corlis are reasonable.

10.1 Performance measures

Performance measures for the SARs are based on the Company's TSR for the period 1 October 2014 to 1 July 2017. Please refer to the table in Section 9.4 that sets out the vesting conditions and TSR performance hurdles.

Each vested SAR entitles Mr Corlis to receive the SAR vesting amount, which is the difference between the Market Value of a Share on the last trading day of the Performance Period and the Market Value of a Share on the first trading day of the Performance Period. The amount is to be paid in Shares. Shares would be valued at the Market Value of a Share on the last day of the Performance Period (see Schedule 3).

Each vested PR entitles Mr Corlis to receive one (1) Share.

10.2 Financial implications

The fair value of PRs is calculated as the 30 day VWAP of the Share price leading up to the date of the grant. The fair value of SARs is calculated in similar manner to Black-Scholes valuation of options, but also takes into account the specific vesting criteria applied to the grants. The indicative fair value of the PRs and SARs is set out below:

- The fair value of each of the 844,442 PRs issued under the Plan, to vest in total or in part on 1 July 2015, subject to performance against agreed performance objectives is \$0.027;
- The fair value of each of the 844,442 PRs issued under the Plan, to vest in total on completion of continued service to 30 June 2017 is \$0.027;
- The fair value of 1,407,403 PRs issued under the Plan, as a 'once-off' issue pursuant to the restructure of Executive and Director remuneration, to vest in total 1 July 2015 is \$0.027; and
- The fair value of each of the 10,125,000 SARs issued under the Plan, to vest in total or in part on 1 July 2017, subject to the vesting conditions relating to total shareholder return is \$0.01.

If Resolution 7 is approved by Shareholders (by an ordinary resolution), the PRs and SARs will be issued to Mr Corlis immediately following the conclusion of the Meeting.

10.3 Information required by Listing Rule 10.15A

The following information is provided as required by Listing Rule 10.15A:

1. The maximum number of shares that may be issued to Mr Corlis is:
 - a. 844,442 Shares if all of Mr Corlis's PRs granted as STIs under the Plan, vest in 2015;
 - b. 844,442 Shares if all of Mr Corlis's PRs granted as LTIs under the Plan, vest in 2017;
 - c. 1,407,403 Shares if all of Mr Corlis's PRs granted as LTIs under the Plan, vest in 2017; and
 - d. It is not possible to ascertain the number of Shares that will be issued if all of Mr Corlis's SARs granted as LTIs under the Plan, vest in 2017, due to the number being dependent on the prevailing Share Price on 30 June 2017.
2. The price for each Share to be issued to Mr Corlis under the Plan is nil.
3. The Plan has not been previously approved for the purpose of Listing Rule 10.14.
4. A voting exclusion statement is included with the resolution.
5. The persons referred to in Listing Rule 10.14 entitled to participate in the Plan are Mr Corlis, Mr Fisher, Ms Benda and Mr Sun.
6. No loan is made in relation to the issues.
7. Details of any securities issued under the Plan will be published in each annual report relating to a period in which securities have been issued under the Plan, with a statement that approval for the issue of the securities was obtained under Listing Rule 10.14.
8. The Company will issue the securities within three years after the Meeting.

10.4 Information required for Sections 200B and 200E of the Corporations Act

Under sections 200B and 200E of the Corporations Act the Company can only give a benefit to a member of Key Management Personnel in connection with retirement from office or employment in the Company with prior Shareholder approval or if any of a number of exceptions apply. Accelerated vesting or automatic vesting of share based payments may in some cases be a benefit of this kind.

As a participant in the Plan, Mr Corlis may become entitled to accelerated vesting or automatic vesting of PRs or SARs if there is a change in control of the Company or if the Board exercises a discretion upon cessation of employment. Approval is sought for Mr Corlis to be given any such benefit in connection with his retirement from office or employment with the Company.

For PRs, the value of the benefit will depend on the number of PRs that may vest and the market value of Shares at the time of cessation of employment.

For SARs, the value of the benefit will depend on the number of SARs that may vest and the total shareholder return over the performance period (see Schedule 3). The value of any benefits cannot be ascertained at the present time. The benefits will be the market value of Shares issued or transferred to the employee at the time of the vesting of the SARs.

10.5 Directors' recommendation

The Directors (excluding Mr Corlis) consider that the Plan is an appropriate mechanism to assist in the recruitment, reward, retention and motivation of employees of the Company. The value of incentives being granted is in line with companies in similar circumstances and the vesting criteria ensures that value only crystallises if shareholder value is created. The Directors believe that the issue of the PRs and SARs to Mr Corlis and the issue of Shares to settle those PRs and SARs is in the best interests of the Company, and unanimously recommend that Shareholders vote in favour of Resolution 7.

Mr Corlis does not make a recommendation in relation to Resolution 7 as he has an interest in the outcome of the resolution.

10.6 Voting Exclusion

The Company will disregard any votes cast on this resolution by the Directors (except those who are ineligible to participate in the 2014 Plan) and their associates. 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 directs.

A vote on Resolution 7 must not be cast (in any capacity) by, or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member. However, a person described above may cast a vote on Resolution 7 as proxy if the vote is not cast on behalf of a person described above and either:

- (a) the person does so as a proxy appointed by writing that specifies how the person is to vote on Resolution 7; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy:
 - (i) does not specify the way the Chairman is to vote on Resolution 7; and
 - (ii) expressly authorises the Chairman to exercise the Proxy even though Resolution 7 is connected directly or indirectly with the remuneration of Key Management Personnel.

11. Resolution 8 – Issue of Performance Rights to non-executive Directors and issue of Shares to settle the Performance Rights upon vesting

Resolution 8 seeks Shareholder approval in accordance with Listing Rule 10.14 to grant PRs to each of the Company's non-executive Directors, being Mr Derek Fisher, Ms Kellie Benda and Mr Robert Sun and to issue Shares to settle those PRs under the Plan.

Shareholder approval is required under Listing Rule 10.14 to grant PRs to each of Mr Fisher, Ms Benda and Mr Sun and to issue Shares to settle those PRs because each of Mr Fisher, Ms Benda and Mr Sun are Directors of the Company. In accordance with the restructure of executive compensation to provide for a greater portion of such compensation to be comprised of equity and a smaller portion to be comprised of cash (as explained in Section 9), the Company proposes to issue PRs to the Company's non-executive Directors. In accordance with the restructure of executive compensation to provide for a greater portion of such compensation to be comprised of equity and a smaller portion to be comprised of cash (as explained in Section 8.1), the Company proposes to issue PRs to the Company's non-executive Directors.

The PRs are to be issued as follows:

- 450,369 PRs issued to Derek Fisher under the Plan, to vest in total on completion of continued service to 30 June 2015;

- 309,629 PRs issued to Kellie Benda under the Plan, to vest in total on completion of continued service to 30 June 2015; and
- 309,629 PRs issued to Robert Sun under the Plan, to vest in total on completion of continued service to 30 June 2015.

The terms and conditions of the PRs comply with the requirements of the Plan. Under the Company's present circumstances, the Board considers that the incentive represented by the issue of equity settled PRs is a cost effective and appropriate component of non-executive Director remuneration and is preferred over settling the PRs with cash.

The Board (excluding Mr Fisher, Ms Benda and Mr Sun) has formed the view that remuneration in the form of the grant of the PRs under the Plan is reasonable given the Company's circumstances.

11.1 Financial implications

The fair value of each of the PRs proposed to be issued to the Company's non-executive Directors under the Plan, to vest in total on completion of continued service to 30 June 2015 is \$0.027.

If Resolution 8 is approved by Shareholders (by an ordinary resolution), the PRs will be issued to the Company's non-executive Directors immediately following the conclusion of the Meeting.

11.2 Information required by Listing Rule 10.15A

The following information is provided as required by Listing Rule 10.15A:

1. The maximum number of Shares that may be issued to the Company's non-executive Directors is 1,069,627.
2. The price for each Share to be issued to the Company's non-executive Directors under the Plan is nil.
3. The Plan has not been previously approved for the purpose of Listing Rule 10.14.
4. A voting exclusion statement is included with the resolution.
5. The persons referred to in Listing Rule 10.14 entitled to participate in the Plan are Mr Corlis, Mr Fisher, Ms Benda and Mr Sun.
6. No loan is made in relation to the issues.
7. Details of any securities issued under the Plan will be published in each annual report relating to a period in which securities have been issued under the Plan, with a statement that approval for the issue of the securities was obtained under Listing Rule 10.14.
8. The Company will issue the securities within three years after the Meeting.

11.3 Information required for Sections 200B and 200E of the Corporations Act

Under sections 200B and 200E of the Corporations Act the Company can only give a benefit to a member of Key Management Personnel in connection with retirement from office or employment in the Company with prior Shareholder approval or if any of a number of exceptions apply. Accelerated vesting or automatic vesting of share based payments may in some cases be a benefit of this kind.

As a participant in the Plan, the Company's non-executive Directors may become entitled to accelerated vesting or automatic vesting of PRs or SARs if there is a change in control of the Company or if the Board exercises a discretion upon cessation of employment. Approval is sought for the Company's non-executive Directors to be given any such benefit in connection with his retirement from office or employment with the Company.

The value of the benefit will depend on the number of PRs that may vest and the market value of Shares at the time of cessation of employment.

The value of any benefits cannot be ascertained at the present time. The benefits will be the market value of Shares issued or transferred to the the Company's non-executive Directors at the time of the vesting of the PRs.

11.4 Directors' recommendation

The Directors (excluding Mr Fisher, Mr Sun and Ms Benda) consider that issue of PRs under the Plan, as part of a restructure of the Company's non-executive Directors remuneration, is appropriate and believe that the issue of the PRs to the Company's non-executive Directors and the issue of Shares to settle those PRs is in the best interests of the Company, and unanimously recommend that Shareholders vote in favour of Resolution 8.

Mr Fisher, Mr Sun and Ms Benda do not make a recommendation in relation to Resolution 8 as they each have an interest in the outcome of the resolution.

11.5 Voting Exclusion

The Company will disregard any votes cast on this resolution by the Directors (except those who are ineligible to participate in the 2014 Plan) and their associates. 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 directs.

A vote on Resolution 8 must not be cast (in any capacity) by, or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member. However, a person described above may cast a vote on Resolution 8 as proxy if the vote is not cast on behalf of a person described above and either:

- (a) the person does so as a proxy appointed by writing that specifies how the person is to vote on Resolution 8; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy:
 - (i) does not specify the way the Chairman is to vote on Resolution 8; and
 - (ii) expressly authorises the Chairman to exercise the Proxy even though Resolution 8 is connected directly or indirectly with the remuneration of Key Management Personnel.

12. Resolution 9 – Ratification of issue of Share Appreciation Rights and Performance Rights

Resolution 9 seeks ratification and approval by Shareholders under Listing Rule 7.4 for the issue of 19,529,100 SARs and 11,051,998 PRs to Executives and employees on 1 October 2014.

Listing Rule 7.1 prohibits a listed company from issuing or agreeing to issue Equity Securities without obtaining prior shareholder approval if the result is that the amount of capital issued within the previous 12 month period is greater than 15% of the total issued securities of the Company (**15% Threshold**). Listing Rule 7.4 contemplates the ratification of previous issues of securities made without prior shareholder approval (provided that the issue did not breach the 15% Threshold) with the effect being that the issue is treated as having been made with approval, thereby reinstating the Company's 15% issuing capacity under Listing Rule 7.1.

The issue of the SARs and PRs to Executives and employees on 1 October 2014 did not breach the 15% Threshold in Listing Rule 7.1 at the time of their issue.

Accordingly, Resolution 9 seeks approval under Listing Rule 7.4 to ratify the issue of SARs and PRs to Executives and employees on 1 October 2014.

In accordance with Listing Rule 7.5, the Directors provide the following information to enable Shareholders to consider and ratify the issue of Shares in Resolution 1:

- **Number of Securities Issued:** 19,529,100 SARs and 11,051,998 PRs.
- **Terms:** SARs and PRs issued to Executives and employees on 1 October 2014 are subject to the terms and conditions of the Plan Rules as set out in Schedule 2. The vesting conditions are as follows:
 - 19,529,100 SARs issued as LTIs under the 2014 Plan, to vest in total or in part subject to the vesting conditions relating to TSR (refer Schedule 3). The SARs have been issued to the following Key Management Personnel:
 - Phil Hoskins, Acting CEO: 11,024,100 SARs;
 - Stuart McKenzie, General Manager Commercial and Company Secretary: 8,505,000 SARs;
 - 1,919,623 PRs issued as LTIs under the 2014 Plan, to vest in total on completion of continued service to 1 July 2017, of which 290,863 have been issued to administrative staff and the remainder issued to the following Key Management Personnel:
 - Phil Hoskins: 919,428 PRs;
 - Stuart McKenzie: 709,331 PRs;
 - 1,774,191 PRs issued as STIs under the 2014 Plan, to vest in total or in part on 1 July 2015, subject to performance against agreed performance objectives, of which 145,432 have been issued to administrative staff and the remainder issued to the following Key Management Personnel:
 - Phil Hoskins: 919,428 PRs;
 - Stuart McKenzie: 709,331 PRs;
 - 7,358,184 PRs issued under the 2014 Plan, as a 'once-off' issue pursuant to the restructure of Executive and Director remuneration, to vest on 1 July 2015, issued to the following Key Management Personnel:
 - Phil Hoskins: 2,587,088 PRs; and
 - Stuart McKenzie: 4,771,096 PRs.
- **Issue Price:** There is no issue price associated with the SARs and PRs issued to Executives and employees on 1 October 2014.

The fair value of PRs is calculated as the 30 day VWAP of the Share price leading up to the date of the grant. The fair value of SARs is calculated in a similar manner to Black-Scholes valuation of options, but also takes into account the specific vesting criteria applied to the grants. The indicative fair value of the PRs and SARs is set out below:

- The fair value of each of the 1,774,191 PRs issued as STIs under the 2014 Plan, to vest in total or in part on 1 July 2015, subject to performance against agreed performance objectives is \$0.027;
- The fair value of each of the 7,358,184 PRs issued under the 2014 Plan, as a 'once-off' issue pursuant to the restructure of Executive and Director remuneration, to vest on 1 July 2015 is \$0.027;

- The fair value of each of the 1,919,623 PRs issued as LTIs under the 2014 Plan, to vest in total on completion of continued service to 1 July 2017 is \$0.027; and
- The fair value of each of the SARs issued as LTIs under the 2014 Plan, to vest in total or in part subject to the vesting conditions relating to TSR (refer Schedule 3) is \$0.01.
- **Allottees:** The SARs and PRs were issued to Executives and employees.
- **Use of funds:** Not applicable.

12.1 Directors' recommendation

The Directors consider that the issue of SARs and PRs under the Plan to Executives and employees, is an important part of a restructure of the Company's approach to remuneration. The Directors believe it is appropriate and that the issue of the SARs and PRs to Executives and employees and the issue of Shares to settle those PRs upon vesting is in the best interests of the Company, and unanimously recommend that Shareholders vote in favour of Resolution 9.

12.2 Voting exclusion

The Company will disregard any votes cast on Resolution 9 by a person who participated in the issue of the PRs and SARs which are the subject of the resolution or any associates of those persons.

However, the Company will not disregard a vote if:

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

13. Resolution 10 – Spill meeting

The Corporations Act now includes a "two strike" rule in relation to Remunerations Reports. If the Company receives a 'no' vote of 25% or more in relation to its Remuneration Report at two consecutive annual general meetings, then the Company is required at the second annual general meeting to put an additional resolution to Shareholders, to consider whether a further meeting (within 90 days) should be held at which all Directors (other than the Managing Director) must stand for re-election.

At the Company's 2013 annual general meeting, the resolution for the adoption of the Remuneration Report received more than 25% 'no' votes, which resulted in the Company's 'first strike'.

As described in section 8 above, Resolution 10 will only be put to a vote of Shareholders if 25% or more of the votes on Resolution 1 (Adoption of Remuneration Report) are cast against the adoption of the Remuneration Report and the Company receives a "second strike".

If Resolution 10 is put to a vote of Shareholders, its purpose is to consider whether an extraordinary general meeting of the Company should be convened within 90 days of the Meeting, to consider the composition of the Board (**Spill Meeting**).

At the Spill Meeting (if Resolution 10 is passed), the following Directors will automatically vacate office immediately prior to the conclusion of the Spill Meeting, unless the relevant Director stands for re-election at the Spill Meeting and is re-elected:

- Derek Fisher;
- Kellie Benda;
- Robert Sun; and
- Nicholas Corlis.

The Directors listed above are subject to vacate office at the Spill Meeting due to the terms of section 250V of the Corporations Act.

The Directors unanimously believe that if Resolution 10 is passed and the Spill Meeting held, it would be extremely disruptive to the operations of the Company if the entire Board was simultaneously removed. The approximate cost to the Company being required to convene and hold the Spill Meeting would be in the order of \$50,000, assuming the Spill Meeting would be held in Adelaide.

If this Resolution is put to a vote of Shareholders, the Board unanimously recommends that Shareholders vote against Resolution 10.

The Chairman intends to exercise all undirected proxies **against** Resolution 10. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 10, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorization for the Chairman to vote your proxy in accordance with the Chairman's intention even though the resolution is connected directly or indirectly to the remuneration of Key Management Personnel.

13.1 Voting Exclusion

A vote on Resolution 10 must not be cast (in any capacity) by, or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member.

However, a person described above may cast a vote on Resolution 10 as proxy if the vote is not cast on behalf of a person described above and either:

- (a) the person does so as a proxy appointed by writing that specifies how the person is to vote on Resolution 10; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy:
 - (i) does not specify the way the Chairman is to vote on Resolution 10; and
 - (ii) expressly authorises the Chairman to exercise the proxy even though Resolution 10 is connected directly or indirectly with the remuneration of the Key Management Personnel.

Schedule 1 - Definitions

In the Notice and this Explanatory Memorandum:

\$ means Australian Dollars.

Additional 10% Capital Raising Capacity means the facility for the Company to issue Equity Securities up to 10% of its issued share capital through placements over the 12 month period following the approval of Resolution 3, pursuant to Listing Rule 7.1A.

Additional Equity Securities has the meaning given in Section 6.1.

Annual Report means the Directors' Report, the Financial Report and the Auditor's Report in respect to the financial year ended 30 June 2013.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

Auditor's Report means the auditor's report on the Financial Report.

Board means the board of Directors.

Business Day has the same meaning as in the Listing Rules.

Chair or **Chairman** means the person appointed to chair the Meeting convened by this Notice.

Closely Related Party means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

Company means IMX Resources Limited ACN 009 129 560.

Constitution means the constitution of the Company as at the commencement of the Meeting.

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

Director means a director of the Company.

Directors' Report means the annual directors' report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities.

Equity Securities has the same meaning as in the Listing Rules.

Executive means the Chief Executive Officer, Executive Director Exploration and the General Manager Commercial and Company Secretary.

Explanatory Memorandum means this explanatory memorandum attached to the Notice.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities.

Group means the Company and the entities it controlled at the end of, or during, the year ended 30 June 2013.

Key Management Personnel means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Listing Rules means the listing rules of ASX.

Meeting has the meaning in the introductory paragraph of the Notice.

Notice means the notice of meeting that accompanies the Explanatory Memorandum.

Option means an option which entitles the holder to subscribe for one Share and includes both the Company's listed and unlisted options (unless the context requires otherwise).

Performance Right means the right of a Participant to be issued and/or transferred one (1) Share, subject to the terms and conditions of the Plan Rules and/or other conditions determined by the Board (acting reasonably) to be satisfied, waived by the Board, or deemed to have been satisfied under the Plan Rules

Performance Period means the period over which performance is assessed for the purpose of determining the number of Performance Rights and/or Share Appreciation Rights that vest.

Proxy Form means the proxy form attached to the Notice.

Remuneration Report means the remuneration report of the Company for the financial year ended 30 June 2013 as set out in pages 24 to 34 of the Directors' Report.

Resolution means a resolution contained in the Notice.

Schedule means a schedule to this Notice.

Section means a section contained in this Explanatory Memorandum.

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

Share Appreciation Right means the right of a Participant to receive an amount from the Company calculated in accordance with the Plan Rules, which shall be satisfied by Shares

Shareholder means a shareholder of the Company.

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

VWAP means volume weighted average price.

WST means Western Standard Time, being the time in Perth, Western Australia.

In this Notice and the Explanatory Memorandum words importing the singular include the plural and vice versa.

Schedule 2 - IMX Resources Limited Share Appreciation Rights and Performance Rights Plan Rules



IMX Resources Limited

Share Appreciation Rights and Performance Rights Plan

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IMX Resources Limited Share Appreciation Rights and Performance Rights Plan

1. Definitions and interpretation

1.1 Definitions

In these Rules, unless the context otherwise requires, the following terms and expressions will have the following meanings:

Ancillary Documentation means all documentation which the Board specifies in an Invitation that an Eligible Employee or Consultant must enter into and/or provide in connection with an Application.

Applicable Law means any one or more or all, as the context requires of:

- (a) the Corporations Act;
- (b) the Listing Rules;
- (c) the Constitution;
- (d) the *Income Tax Assessment Act 1936* (Cth) and the *Income Tax Assessment Act 1997* (Cth);
- (e) any practice note, policy statement, regulatory guide, class order, declaration, guideline, policy, procedure, ruling, judicial interpretation or other guidance note made to clarify, expand or amend (a), (b), or (d) above;
- (f) any other legal requirement (including, without limitation, the rules of the general law, including common law and equity, and any judgment, order, decree, declaration or ruling of a court of competent jurisdiction or Government Agency binding on a person or the assets of that person) that applies to the Plan; and
- (g) in respect of acquisition or disposals of any Shares, any formal policy relating to dealings in Shares adopted by the Board from time to time, including the Share Trading Policy.

Application means, in respect of an Award, an application for that Award made by an Eligible Employee or Consultant in response to an Invitation.

Application Form means an application form attached to, or enclosed with, an Invitation.

ASIC means the Australian Securities and Investments Commission.

Associate has the same meaning as in section 12 of the Corporations Act.

ASX means ASX Limited (ABN 98 008 624 691) trading as the Australian Securities Exchange or the securities exchange operated by that entity, as appropriate.

ASX Holding Lock has the same meaning as “Holding Lock” in Chapter 19 of the Listing Rules.

Award means:

- (a) a Performance Right; and/or

(b) a Share Appreciation Right,

granted to a Participant under the Plan.

Base Price means, in respect of a Share Appreciation Right, the amount specified in the Invitation as the “base price” in connection with that Share Appreciation Right, as determined by the Board in its discretion and as adjusted in accordance with clause 15.1, if applicable.

Board means the board of directors of the Company, a committee appointed by the board of directors of the Company as constituted from time to time, or, in respect of a particular matter, any person who is provided with delegated authority by the board of directors of the Company in respect of that particular matter from time to time.

Business Day means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Perth, Western Australia.

Cash Settlement means, in relation to a Share Appreciation Right, a cash payment made by the Company to a Participant calculated in accordance with clause 7.3 in settlement of a Vested and Exercised Share Appreciation Right.

Certificate means a certificate evidencing the grant of an Award to a Participant.

Change of Control Event means:

- (a) a change in Control of the Company;
- (b) where members of the Company approve any compromise or arrangement for the purpose of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other body corporate or bodies corporate (other than a scheme that does not involve a change in the ultimate beneficial ownership of the Company), which will, upon becoming effective, result in any person (either alone or together with its Associates) owning more than fifty per cent (50%) of Issued Capital;
- (c) where a person becomes the legal or the beneficial owner of, or has a Relevant Interest in, more than fifty per cent (50%) of Issued Capital;
- (d) where a person becomes entitled to acquire, hold or has an equitable interest in more than fifty per cent (50%) of Issued Capital; and
- (e) where a Takeover Bid is made to acquire more than fifty per cent (50%) of Issued Capital (or such lesser number of Shares that when combined with the Shares that the bidder (together with its Associates) already owns will amount to more than 50% of Issued Capital) and the Takeover Bid becomes unconditional and the bidder (together with its Associates) has a Relevant Interest in more than 50% of Issued Capital,

but, for the avoidance of doubt, does not include any internal reorganisation of the structure, business and/or assets of the Group.

Company means IMX Resources Limited (ABN 67 009 129 560).

Constitution means the constitution of the Company.

Consultant means an independent contractor or consultant engaged to provide services to any member of the Group.

Control has the same meaning as in section 50AA of the Corporations Act.

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

Dollar means the lawful currency of Australia.

Eligible Employee means:

- (a) a full-time or part-time employee of any member of the Group; or
- (b) a director of any member of the Group who holds a salaried employment or office with a member of the Group.

For the avoidance of doubt, if there is a change in the employing entity of a Participant from one member of the Group to another member of the Group, the Participant will be considered, for the purposes of this Plan, to have continued to be an Eligible Employee at all relevant times.

Equity Settlement means, in relation to a Share Appreciation Right, the issue or transfer to a Participant (whether directly, or to or by the Trustee to be held for and on behalf of a Participant) by the Company the number of Shares calculated in accordance with clause 7.2 in settlement of a Vested and Exercised Share Appreciation Right.

Excluded Offer means any of the following:

- (a) an offer to a person situated at the time of receipt of the offer outside Australia;
- (b) an offer that did not need disclosure to investors because of section 708 of the Corporations Act;
- (c) an offer that did not require the giving of a product disclosure statement (as that term is defined in the Corporations Act) because of section 1012D of the Corporations Act; or
- (d) an offer made under a disclosure document or product disclosure statement (as those terms are defined in the Corporations Act).

Exercise means the exercise of an Award in accordance with clause 8.3.

Expiry Date in relation to an Award means:

- (a) the date determined by the Board and specified in an Invitation as the “expiry date”; or
- (b) if an Invitation does not specify an “expiry date”, the date which is five (5) years from the Grant Date.

Government Agency means any government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity whether foreign, federal, state, territorial or local.

Grant Date means, in relation to an Award, the date on which that Award is granted to a Participant following the acceptance of an Application by the Board.

Group means the Company and each body corporate that is a Subsidiary of the Company from time to time.

Insolvency Event means, in respect of a person:

- (a) an application is made to a court for a winding up or bankruptcy order;
- (b) the appointment of a provisional liquidator, administrator, receiver or similar officer;
- (c) a receiver, receiver and manager, controller (as defined in the Corporations Act), a managing controller (as defined in the Corporations Act) is appointed to any part of the person's property;
- (d) the person enters into or takes any steps for the purpose of entering into any moratorium, composition, arrangement or similar agreement in respect of all or any of its debts with its creditors or any person; or
- (e) the person is or states that it is unable to pay all of its debts as and when they fall due for payment.

Invitation means an invitation to an Eligible Employee or Consultant to apply for the grant of an Award made in accordance with clause 3.2 of these Rules.

Issued Capital means issued Shares from time to time.

Leaver means a Participant who:

- (a) in the case of an Eligible Employee, ceases to be an Eligible Employee; and
- (b) in the case of a Consultant, ceases to be engaged by a member of the Group.

Listing Rules means the listing rules, market rules and operating rules of a financial market in respect of which the Company's shares are quoted or are the subject of an application for quotation, including but not limited to, the official listing rules of the ASX.

Market Value means, at any given date, the volume weighted average price per Share traded on the ASX over the thirty (30) trading days immediately preceding that given date.

Nominated Party means, in respect of an Eligible Employee or Consultant:

- (a) that person's spouse;
- (b) that person's biological or legally adopted child of at least 18 years of age;
- (c) a trustee or trustees of a trust set up wholly for the benefit of that Eligible Employee or Consultant and/or a person mentioned in sub-clauses (a) or (b) above (but not including any trust established by the Company under clause 17); or
- (d) a company in which all of the issued shares are beneficially held by, and all of the voting rights are beneficially held by:
 - (i) the Eligible Employee or the Consultant; and/or

- (ii) a person or persons mentioned in sub-clauses (a), (b) or (c) above.

Participant means an Eligible Employee or Consultant who has been granted an Award in accordance with clause 4.1.

Performance Hurdles means any ongoing minimum performance requirements as specified in the Invitation and determined by the Board which must be satisfied prior to an Award Vesting.

Performance Qualification Date has the meaning given to that term in sub-clause 6.2(c).

Performance Qualified has the meaning given to that term in sub-clause 6.2(b).

Performance Right means the right of a Participant to be issued and/or transferred one (1) Share (whether directly, or to or by the Trustee to be held for and on behalf of the Participant), subject to any Vesting Conditions and/or Performance Hurdles and/or other conditions being determined by the Board (acting reasonably) to be satisfied, waived by the Board, or deemed to have been satisfied under these Rules.

Plan means the IMX Resources Limited Share Appreciation Rights and Performance Rights Plan.

Plan Share means a Share issued or transferred to a Participant (whether directly, or to or by the Trustee to be held for and on behalf of a Participant) upon the valid Exercise of an Award.

Relevant Interest has the same meaning as in Part 6.1 of the Corporations Act.

Rules means the rules of the Plan which are set out in this document, as amended from time to time.

Security has the same meaning as in the Listing Rules.

Security Interest means a mortgage, charge, pledge, lien, encumbrance or other third party interest of any nature.

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

Share Appreciation Right means the right of a Participant to receive an amount from the Company calculated in accordance with these Rules, which at the Company's discretion may be satisfied by:

- (a) Equity Settlement;
- (b) Cash Settlement; or
- (c) where a Participant holds multiple Share Appreciation Rights, a combination of Equity Settlement and Cash Settlement,

subject to any Vesting Conditions and/or Performance Hurdles and/or other conditions being determined by the Board (acting reasonably) to be satisfied, waived by the Board, or deemed to have been satisfied under these Rules.

Share Trading Policy means any share trading policy of the Company in force from time to time.

Shareholder means a holder of a Share.

Subsequent Market Value means, in respect of a Share Appreciation Right, the Market Value of a Share as at the Performance Qualification Date in connection with that Share Appreciation Right.

Subsidiary has the same meaning as in Division 6 of Part 1.2 of the Corporations Act.

Takeover Bid has the meaning given to that term in the Corporations Act.

TSX means the Toronto Stock Exchange.

TSX Listing Rules means the Company Manual of the TSX.

Trustee means the trustee, from time to time, of any employee share trust used by the Company to deliver any Plan Shares arising from the Vesting and Exercise of an Award under these Rules.

Vested means when any Vesting Conditions and/or Performance Hurdles and/or other conditions applicable to an Award have been determined by the Board (acting reasonably) to be satisfied, are waived by the Board, or are deemed to have been satisfied under these Rules, and where the Company has issued a Vesting Notice to the Participant informing him or her that the Award has vested.

Vesting Condition means any conditions to the vesting of an Award as determined by the Board that are set out in the Invitation for that Award.

Vesting Notice means, in relation to an Award, a notice provided by or on behalf of the Company to a Participant in accordance with clause 8.2 informing him or her that an Award has Vested and will be automatically Exercised in accordance with these Rules.

1.2 Interpretation

In these Rules, unless otherwise stated or the contrary intention appears:

- (a) the singular includes the plural and vice versa;
- (b) a gender includes all genders;
- (c) a reference to a document or agreement includes that document or agreement as novated, altered, supplemented or replaced;
- (d) headings are for convenience only and do not affect the interpretation of these Rules;
- (e) a reference to any thing (including any amount) includes any part of that thing and a reference to a group of things or persons includes each thing or person in that group;
- (f) a reference to any legislation includes any modification or replacement of it and all regulations and statutory instruments issued under it and a reference to any provision of any legislation includes any modification or substitution of it;
- (g) a reference to these Rules means these Rules as amended from time to time and includes all recitals, annexures, addendums and schedules to these Rules;
- (h) a reference to a person includes a reference to the person's executors, administrators, substitutes (including any person taking by way of novation) and:

- (i) in the case of a trustee, includes any substituted or additional trustee; and
- (ii) in the case of a Participant, includes any person to whom that Participant transfers an Award or Plan Share in accordance with the terms of an Australian court order or an injunction granted by an Australian court;
- (i) a reference to a person includes a reference to the person's executors, administrators and successors or a body corporate including any person taking by way of novation and, in the case of a trustee, includes any substituted or additional trustee;
- (j) any reference to include means to include without limitation;
- (k) a monetary amount is a reference to Dollars;
- (l) where any word is given a defined meaning, any other part of speech or other grammatical form in respect of such word or phrase has a corresponding meaning;
- (m) a reference to a clause, party, annexure, exhibit or schedule is a reference to a clause of, and a party, annexure, exhibit and schedule to, these Rules and a reference to these Rules includes any annexure, exhibit and schedule;
- (n) when the day on which something must be done is not a Business Day, that thing must be done on the following Business Day; and
- (o) a term or expression starting with a capital letter which is defined in clause 1.1, has the meaning given to it in that clause.

1.3 **Inconsistencies**

Notwithstanding anything to the contrary in any employment agreement of the Participant with any member of the Group ("**Employment Agreement**"), but subject at all times to these Rules, if there is any inconsistency between these Rules and an Employment Agreement, these Rules prevail.

1.4 **Construed against a party**

No provision or expression in these Rules is to be construed against a party on the basis that the party (or its advisers) was responsible for the drafting of these Rules.

1.5 **Applicable Law**

These Rules, the offering and granting of any Award or Plan Shares and the rights attaching to or interests in any Award or Plan Shares will at all times be subject to Applicable Law.

1.6 **Rounding**

Where any calculation or adjustment to be made pursuant to these Rules produces a fraction of a cent or a fraction of an Award or Plan Share, the fraction will be eliminated by rounding to the nearest whole number.

1.7 **Constitution**

The entitlements of Eligible Employees, Consultants and Participants under these Rules are subject to the Constitution. In the event of any inconsistency between these Rules and the Constitution, the terms of the Constitution will prevail.

2. Introduction

2.1 **Purpose**

The purpose of the Plan is to:

- (a) assist in the reward, retention and motivation of Eligible Employees and Consultants;
- (b) link the reward of Eligible Employees and Consultants to Shareholder value creation; and
- (c) align the interests of Eligible Employees and Consultants with Shareholders by providing an opportunity for Eligible Employees and Consultants to receive an equity interest in the Company in the form of Awards.

2.2 **Commencement**

The Plan will commence on a date determined by the Board.

2.3 **Rules are binding**

The Company, each Participant and each Nominated Party (if any) are bound by these Rules.

3. Eligibility, Invitation and Application

3.1 **Eligibility**

The Board may from time to time determine that an Eligible Employee or Consultant may participate in the Plan.

3.2 **Invitation**

- (a) Following determination that an Eligible Employee or Consultant may participate in the Plan, the Board may at any time, and from time to time, make an Invitation to that Eligible Employee or Consultant.
- (b) An Invitation to an Eligible Employee or Consultant to apply for an Award may be made on such terms and conditions as the Board decides from time to time, including as to:
 - (i) the number and type of Award(s) for which that Eligible Employee or Consultant may apply;
 - (ii) the Grant Date;
 - (iii) the amount payable (if any) for the grant of each Award or how such amount is calculated;

- (iv) the Vesting Conditions (if any);
- (v) the Performance Hurdles (if any) and/or other conditions (if any);
- (vi) in the case of a Share Appreciation Right, whether the settlement of that Share Appreciation Right will be:
 - (A) Equity Settled;
 - (B) Cash Settled;
 - (C) a combination of Equity Settled and Cash Settled (in which case the Invitation may specify the relevant proportion); or
 - (D) determined by the Board on or following the Performance Qualification Date in respect of that Share Appreciation Right and notified to the Participant in the Vesting Notice;
- (vii) disposal restrictions attaching to the Plan Shares (if any); and
- (viii) any other supplementary terms and conditions.

3.3 Form of Application

The Invitation to an Eligible Employee or Consultant must be accompanied by an Application Form and the Ancillary Documentation (if any).

3.4 Eligible Employee/Consultant agrees to be bound

Each Eligible Employee, Consultant and Nominated Party (if any) is, by submitting a completed Application Form, deemed to have agreed to be bound by:

- (a) the terms of the Invitation, the Application and the Application Form;
- (b) the Ancillary Documentation (if any);
- (c) these Rules; and
- (d) the Constitution.

3.5 Who may apply

On receipt of an Invitation, an Eligible Employee or Consultant may apply for the Award(s) the subject of the Invitation by sending the completed Application Form to the Company (or its designated officer as set out in the Application Form) by the time and date specified in the Invitation, unless otherwise determined by the Board.

3.6 Acceptance of Application

- (a) The Board may accept an Application from an Eligible Employee or Consultant in whole or in part.

- (b) The Company may not grant an Award to an Eligible Employee or Consultant unless it has received a duly signed and completed Application Form together with all applicable Ancillary Documentation from that Eligible Employee or Consultant. The Application Form and, where applicable, the Ancillary Documentation must be in the form included with the Invitation and may not be made on the basis that it is subject to any terms and conditions other than those specified in the Invitation.

3.7 When applications will not be accepted

An Application will not be accepted, unless otherwise determined by the Board, if at the time the Company received the duly signed and completed Application Form together with all Ancillary Documentation:

- (a) the applicant is not an Eligible Employee or Consultant;
- (b) where the applicant is an Eligible Employee, the applicant has given all relevant members of the Group notice of his or her resignation as an employee or officer;
- (c) where the applicant is an Eligible Employee, the applicant has been given notice of termination of employment or office from all relevant members of the Group or if, in the opinion of the Board, the applicant has tendered his or her resignation(s) to avoid such termination of employment or office;
- (d) where the applicant is a Consultant, the applicant's engagement with the Group has ended; or
- (e) the Board has determined that the applicant is no longer eligible to participate in the Plan.

3.8 Right to nominate

- (a) Unless otherwise expressly permitted in the Invitation, an Eligible Employee or Consultant may only submit an Application in the Eligible Employee's name or Consultant's name (as relevant) and not on behalf of any other person.
- (b) If an Eligible Employee or Consultant is permitted in the Invitation, the Eligible Employee or Consultant may, by notice in writing to the Board, nominate a Nominated Party in whose favour the Eligible Employee or Consultant wishes to renounce the Invitation in order for the Nominated Party to be granted the Awards the subject of the Invitation.
- (c) The Board may in its discretion resolve not to allow a renunciation of an Invitation in favour of a Nominated Party without giving any reason for that decision. For the avoidance of doubt, the Board will not facilitate the renunciation of the Invitation as set out in clause 3.8(b) in favour of the Nominated Party where to do so would be inconsistent with any covenant or other provision set out in an exemption or modification granted from time to time by ASIC in respect of the Plan or which applies to the Plan pursuant to ASIC's power to exempt or modify the Corporations Act.
- (d) If the Board resolves to allow a renunciation of an Invitation in favour of a Nominated Party:
 - (i) the Board may impose any such conditions that it thinks fit in respect of that renunciation; and

- (ii) the Eligible Employee or Consultant must procure that the permitted Nominated Party accepts the Invitation made to the Eligible Employee or Consultant and that both the Eligible Employee or Consultant and the Nominated Party agree to be bound by the Rules and execute any documents required by the Company in order to receive the grant and to give effect to these Rules.
- (e) If Awards are granted to a Nominated Party nominated by an Eligible Employee or Consultant, then to the extent necessary to give effect to the intent of these Rules, the Eligible Employee or Consultant will continue to be treated as the Participant.

3.9 Multiple Invitations

The Board may invite an Eligible Employee or Consultant to apply for any number of Awards, notwithstanding that the Eligible Employee or Consultant has previously been invited to apply for Awards.

3.10 Canadian Residents

If any Eligible Employee or Consultant is resident in Canada or resident such that the grant of an Award or the issue of a Plan Share would require the Company to lodge a prospectus in Canada, that person shall only be eligible to participate, and the Award granted or the Plan Share issued, if the Eligible Employee or Consultant may acquire such Award or Plan Share under a prospectus exemption available under Canadian National Instrument 45-106 – *Prospectus and Registration Exemptions*, or any successor instrument. For greater certainty, nothing in these rules shall require that the Company be obligated to lodge a prospectus in Canada in order to give effect to the grant of an Award or the issue of a Plan Share.

4. Grant

4.1 Company to grant Awards

Following receipt of a duly completed and signed Application Form together with all applicable Ancillary Documentation, the Company will, to the extent that the Board has accepted such Application, grant the Participant the relevant number of Awards, subject to the terms and conditions set out in the Invitation, these Rules and the Ancillary Documentation.

4.2 Certificate

Following the grant of an Award, the Company will issue to the Participant a Certificate.

5. Terms

5.1 Participant's rights

Prior to an Award Vesting and being Exercised in accordance with clause 8.3:

- (a) a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Award other than those expressly set out in these Rules; and

- (b) a Participant is not entitled to:
 - (i) notice of, or to vote or attend at, a meeting of Shareholders; and
 - (ii) receive any dividends declared by the Company,by virtue of holding that Award.

5.2 **Restriction on dealing**

- (a) Unless the Board in its discretion so approves, or the relevant dealing is effected by force of law on death or legal incapacity to the Participant's legal personal representative, a Participant may not sell, assign, transfer, grant a Security Interest over or otherwise deal with an Award that has been granted to it.
- (b) Awards are forfeited immediately on purported sale, assignment, transfer, dealing or grant of a Security Interest other than in accordance with these Rules.

5.3 **Prohibition on hedging**

A Participant must not enter into any arrangement for the purpose of hedging its economic exposure to an Award that has been granted to it.

5.4 **Register**

Each Award granted under these Rules will be registered in the appropriate register of the Company.

5.5 **Listing**

Unless determined otherwise by the Board in its discretion, an Award granted under the Plan will not be quoted on the ASX or any other recognised exchange.

6. *Performance Hurdles and/or other conditions*

6.1 **Performance Hurdles**

The Board will determine prior to an Invitation being made, and specify in the Invitation, any Performance Hurdles and/or other conditions attaching to an Award.

6.2 **Performance Qualification**

- (a) From time to time, the Board may determine (acting reasonably) that the Performance Hurdles and/or other conditions attaching to an Award have been satisfied, or determine to waive the Performance Hurdles and/or other conditions.
- (b) An Award becomes **Performance Qualified** on the earlier of the date that:
 - (i) the Board determines (acting reasonably) that the relevant Performance Hurdles and/or other conditions are satisfied;
 - (ii) the Board waives the relevant Performance Hurdles and/or other conditions; or

- (iii) the relevant Performance Hurdles and/or other conditions are deemed to have been satisfied under these Rules.
- (c) The **Performance Qualification Date** in respect of an Award is the date that the Award becomes Performance Qualified under sub-clause 6.2(b).

6.3 Actions following the Performance Qualification of a Share Appreciation Right

- (a) If the Invitation relating to Performance Qualified Share Appreciation Right(s) provides that the method of settlement will be determined by the Board prior to Vesting or does not otherwise specify the method of settlement for those Share Appreciation Right(s), as soon as reasonably practicable following the Performance Qualification Date, the Board must determine whether the relevant Performance Qualified Share Appreciation Right(s) will be settled at Exercise by:
 - (i) Equity Settlement;
 - (ii) Cash Settlement; or
 - (iii) where a Participant holds multiple Performance Qualified Share Appreciation Rights, a combination of Equity Settlement and Cash Settlement.
- (b) As soon as reasonably practicable following the Performance Qualification Date in respect of Performance Qualified Share Appreciation Right(s), the Board must calculate in accordance with clause 7 the Equity Settlement and/or Cash Settlement amount applicable to the relevant Performance Qualified Share Appreciation Right(s) at Vesting and Exercise.

7. Settlement calculation for Share Appreciation Rights

7.1 Multiple Performance Qualified Share Appreciation Rights

Where a Participant holds more than one (1) Performance Qualified Share Appreciation Right with the same Base Price, then in calculating the:

- (a) Equity Settlement; and/or
- (b) Cash Settlement,

fractions in the aggregate only will be subject to rounding in accordance with clause 1.6.

7.2 Equity Settlement

Where the Board has determined (either pursuant to an Invitation or under sub-clause 6.3) to settle Performance Qualified Share Appreciation Rights at Vesting and Exercise by Equity Settlement, the number of Shares to be issued or transferred to the relevant Participant (whether directly, or to or by the Trustee to be held for and on behalf of the Participant) is calculated in accordance with the following formula:

$$\text{Equity Settlement Amount} = \frac{(\text{SMV} - \text{BP})}{\text{SMV}} \times \text{PQSAR}$$

where:

Equity Settlement Amount is the number of Shares to be issued or transferred to the relevant Participant (whether directly, or to or by the Trustee to be held for and on behalf of the Participant) in settlement of the Performance Qualified Share Appreciation Rights at Exercise;

SMV is the Subsequent Market Value;

BP is the Base Price; and

PQSAR is the total number of Performance Qualified Share Appreciation Rights with the same Base Price held by the relevant Participant to be settled by Equity Settlement at Exercise.

7.3 Cash Settlement

Where the Board has determined (either pursuant to an Invitation or under sub-clause 6.3) to settle Performance Qualified Share Appreciation Rights at Exercise by Cash Settlement, the cash payment to be made to the relevant Participant is calculated in accordance with the following formula:

$$\text{Cash Settlement Amount} = (\text{SMV} - \text{BP}) \times \text{PQSAR}$$

where:

Cash Settlement Amount is the monetary amount in Dollars to be paid to the relevant Participant in settlement of the Performance Qualified Share Appreciation Rights at Exercise;

SMV is the Subsequent Market Value;

BP is the Base Price; and

PQSAR is the total number of Performance Qualified Share Appreciation Rights with the same Base Price held by the relevant Participant to be settled by Cash Settlement at Exercise.

Any Cash Settlement Amount payable to a Participant will be paid to that Participant less all taxes required to be withheld under Applicable Law and any superannuation required to be withheld under Applicable Law to satisfy the minimum amount required to be contributed by any member of the Group to avoid the imposition of a superannuation guarantee charge. Any superannuation contributions deducted from all or part of any Cash Settlement Amount will be paid into an eligible choice fund of a Participant's choice or the Company's default fund where a Participant has not nominated an eligible choice fund.

8. *Vesting and Exercise of Awards*

8.1 Vesting

Awards are deemed to have Vested if both of the following have occurred:

- (a) the Performance Hurdles and/or other conditions applicable to those Awards have been determined by the Board (acting reasonably) to be satisfied, are waived by the Board, or are deemed to have been satisfied under these Rules; and
- (b) the Company has issued a Vesting Notice to the Participant informing him or her that some or all of his or her Awards have Vested.

8.2 Vesting Notice

As soon as reasonably practicable after the Performance Qualification Date in respect of an Award (and completion of the settlement calculations under clause 7 in relation to Performance Qualified Share Appreciation Right(s)), the Company will arrange to provide a Vesting Notice to the Participant that includes:

- (a) the Performance Qualification Date;
- (b) confirmation of the satisfaction and/or waiver of Vesting Conditions and/or Performance Hurdles and/or other conditions;
- (c) the number and type of Awards that have Vested and the date of Vesting and Exercise (such date being the date of the Vesting Notice);
- (d) the number and type of Awards that have lapsed (if any);
- (e) for Performance Rights, the number of Shares that will be issued or transferred to the Participant (whether directly, or to or by the Trustee to be held for and on behalf of the Participant) by the Company;
- (f) for Share Appreciation Rights that will be Equity Settled, the number of Shares that will be issued or transferred to the Participant (whether directly, or to or by the Trustee to be held for and on behalf of the Participant) by the Company and the method of calculation; and
- (g) for Share Appreciation Rights that will be Cash Settled, the cash payment amount in Dollars that will be paid to the Participant by the Company and the method of calculation.

8.3 Exercise

A Participant will be deemed to have automatically Exercised all Vested Awards that are the subject of a Vesting Notice referred to in clause 8.2 on the date of the relevant Vesting Notice.

8.4 Actions following Exercise of a Performance Right

On or as soon as reasonably practicable following the date a Vesting Notice is provided to a Participant in relation to Performance Rights and the Participant being deemed to have automatically Exercised the Performance Rights that are the subject of that Vesting Notice in accordance with clause 8.3, the Company will:

- (a) allot and issue and/or transfer to the Participant (whether directly, or to or by the Trustee to be held for and on behalf of the Participant) the number of Shares to which the Participant is entitled to, as relevantly set out in the Vesting Notice; and
- (b) issue a substitute Certificate to the Participant for any remaining Performance Rights held by that Participant.

8.5 Actions following Exercise of a Share Appreciation Right

On or as soon as reasonably practicable following the date a Vesting Notice is provided to a Participant in relation to Share Appreciation Rights and the Participant being deemed to have automatically

Exercised the Share Appreciation Rights that are the subject of that Vesting Notice in accordance with clause 8.3, the Company will:

- (a) settle the Exercised Share Appreciation Rights by Equity Settlement, Cash Settlement, or a combination as both, as relevantly set out in the Vesting Notice; and
- (b) issue a substitute Certificate to the Participant for any remaining Share Appreciation Rights held by that Participant.

9. Forfeiture

9.1 Leaver

Where a Participant who holds Awards becomes a Leaver, all unvested Awards will automatically be forfeited by the Participant, unless the Board otherwise determines in its discretion to permit some or all of the Awards to Vest.

[Note: Examples of the circumstances when the Board may decide to exercise its discretion to permit some or all of the Awards to Vest include where a Participant becomes a Leaver due to death, redundancy, permanent disability, mental incapacity or retirement. These examples are not exhaustive.]

9.2 Fraudulent or dishonest actions

Where the Board determines that a Participant has:

- (a) acted fraudulently or dishonestly; or
- (b) wilfully breached his or her duties to the Group,

the Board may in its discretion deem all unvested Awards held by that Participant to have been forfeited.

9.3 Failure to satisfy Vesting Conditions and/or Performance Hurdles and/or other conditions

Unless otherwise stated in the Invitation or determined by the Board, an Award which has not yet Vested will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable Vesting Conditions and/or Performance Hurdles and/or other conditions have not been met or cannot be met by the applicable date.

9.4 Insolvency Event

Unless otherwise stated in the Invitation or determined by the Board, all Awards held by a Participant will be forfeited immediately on the date that an Insolvency Event occurs in relation to that Participant.

9.5 Other forfeiture events

Unless the Board otherwise determines in its discretion, or as otherwise set out in these Rules, an Award which has not yet Vested will automatically be forfeited on the Expiry Date.

9.6 Discretion to determine that Awards are not forfeited

Notwithstanding clauses 9.1 to 9.5 (inclusive), the Board may determine (on any conditions which it thinks fit) that some or all of the Participant's Awards will not be forfeited at any relevant time, but will be forfeited at the time and subject to the conditions the Board may specify by written notice to the Participant.

9.7 Application of Part 2D.2 Division 2 of the Corporations Act

- (a) This clause 9.7 applies to all termination payments to which Part 2D.2 Division 2 of the Corporations Act applies.
- (b) Notwithstanding any other provision of these Rules, in the absence of Shareholder approval, the Company is not required to provide, or procure the provision, of any benefit under these Rules which is not permitted by Part 2D.2 Division 2 of the Corporations Act.
- (c) Any benefits required to be provided to a Participant in accordance with these Rules will, by operation of this clause, be reduced to ensure compliance with Part 2D.2 of the Corporations Act and the provision of such reduced benefit shall constitute full satisfaction of the obligations of each member of the Group. In the event of overpayment to a Participant, the Participant must, on receiving written notice from the Board, immediately repay any monies or benefits specified in such notice to ensure compliance with Part 2D.2 of the Corporations Act.
- (d) Where clause 9.7(b) applies, the Company may seek or not seek Shareholder approval in its discretion.

10. Effect of forfeiture

Where an Award has been forfeited in accordance with these Rules:

- (a) the Award will automatically lapse;
- (b) the Participant or the Participant's agent or attorney must sign any transfer documents required by the Company to effect the forfeiture of that Award; and
- (c) the Company will not be liable to the Participant for damages or any other payment, cost or expense in respect of that Award.

11. Change of Control Event

Notwithstanding any other provisions of the Rules, if a Change of Control Event occurs, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Awards will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the Change of Control Event.

12. Rights attaching to Plan Shares

12.1 Shares to rank equally

All Plan Shares issued or transferred to a Participant (whether directly, or to or by the Trustee to be held for and on behalf of a Participant) upon the Vesting and Exercise of Awards will rank pari passu in all respects with the Shares of the same class for the time being on issue except for any rights attaching to the Shares by reference to a record date prior to the date of the allotment or transfer of the Plan Shares.

12.2 Listing

If Plan Shares are in the same class as Shares which are listed on the ASX, the Company 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 allotment.

12.3 Dividends

A Participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares which, at the closing date for determining entitlement to such dividends, are standing to the account of the Participant (or the Trustee for and on behalf of the Participant).

12.4 Dividend reinvestment plan

A Participant may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares held by the Participant (or the Trustee for and on behalf of the Participant). Shares issued under any dividend reinvestment plan operated by the Company will be subject to the same terms and conditions as the Plan Shares held by the Participant (or the Trustee for and on behalf of the Participant) unless the Board determines otherwise.

12.5 Voting rights

A Participant may exercise any voting rights attaching to Plan Shares held by the Participant (or the Trustee for and on behalf of the Participant).

13. Disposal restrictions on Plan Shares

13.1 Disposal restrictions

If the Invitation provides that any Plan Shares held by or on behalf of a Participant are subject to any restrictions as to the disposal or other dealing by the Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction, including but not limited to imposing an ASX Holding Lock (where applicable) on the Plan Shares or using an employee share trust to hold the Plan Shares during the relevant restriction period.

13.2 Participant's undertaking

For so long as a Plan Share acquired by a Participant is subject to any disposal restrictions under this Plan, the Participant will not:

- (a) transfer, encumber or otherwise dispose of, or have a Security Interest granted over that Plan Share; or
- (b) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.

13.3 Expiry of restriction

Subject at all times to the Share Trading Policy, upon the expiry of any disposal restrictions over a Plan Share, the Company will take all action necessary to ensure that the Participant can deal with that Plan Share.

13.4 Share entitlements

For the avoidance of doubt, the imposition of a disposal restriction on a Plan Share held by a Participant will not affect the Participant's entitlement to receive a notice of, or to vote or attend at, a meeting of the members of the Company, and to receive any dividends declared by the Company during the relevant disposal restriction period on that Plan Share. If an employee share trust arrangement is implemented in respect of this Plan, the Board may implement such procedures it deems appropriate to give effect to the intent of this clause 13.4.

14. Irrevocable Power of Attorney

In order to ensure compliance with these Rules, each Participant must grant an irrevocable power of attorney (in the form set out in the Invitation or such other form determined by the Board) to any person nominated from time to time by the Board.

15. Adjustment of Awards

15.1 Alterations to capital

Subject to the Listing Rules and Applicable Law, if the Company makes any new issue of Securities or alterations to its capital by way of a rights issue, bonus issue or other distribution of capital, reduction of capital or reconstruction of capital (including consolidation, sub-division, reduction, return or cancellation of capital), the Board may in its discretion make adjustments to a Participant's Awards (including, without limitation, to the number of Share Appreciation Rights and/or Performance Rights (as relevant) to which a Participant is entitled, and/or the Vesting Conditions and/or the Performance Hurdles and/or other conditions, and/or, in respect of Share Appreciation Rights, the Base Price) on any basis it sees fit to minimise any advantage or disadvantage accruing to the Participant as a result of such corporate actions or alterations to capital.

15.2 Limited right to participate in new issues

During the currency of any Awards, and prior to their Vesting and Exercise, Participants are not entitled to participate in any new issue of Securities in the Company as a result of holding Awards.

16. Administration of the Plan

16.1 Board administration

The Plan will be administered by the Board. For the avoidance of doubt, the Board may make further provisions for the operation of the Plan which are consistent with these Rules.

16.2 Board powers and discretions

Any power or discretion which is conferred on the Board by these Rules may be exercised in its sole and absolute discretion. Subject to Applicable Law, the Board does not, in exercising any power or discretion under these Rules, owe any fiduciary or other obligations to any Eligible Employee, Consultant or Participant.

16.3 Delegation of Board powers and discretions

Any power or discretion which is conferred on the Board by these Rules (including, without limitation, the power to invite Eligible Employees and Consultants to participate in the Plan and to determine the terms and conditions of Awards) may be delegated by the Board to:

- (a) a committee consisting of such directors, other officers or employees of the Group, or any combination of such persons as the Board thinks fit;
- (b) a member of the Group; or
- (c) a third party,

for such periods and on such conditions as the Board thinks fit.

16.4 Documents

The Company may, from time to time, require an Eligible Employee or Consultant invited to participate in the Plan or a Participant or a Nominated Party nominated by an Eligible Employee or Consultant under clause 3.8, to complete and return such other documents as may be required by law to be completed by that person or entity, or such other documents which the Company considers should, for legal, taxation and/or administrative reasons, be completed by that Eligible Employee, Consultant, Participant or person in order to give effect to the intent of the Plan.

16.5 Decisions final

Every exercise of a discretion by the Board (or its delegates) and any decision by the Board (or its delegates) regarding the interpretation, effect or application of these Rules and all calculations and determinations made by the Board under these Rules are final, conclusive and binding in the absence of manifest error.

17. Trust

The Board may, in its discretion, use an employee share trust or other mechanism for the purposes of holding Shares and Plan Shares before or after the Vesting and Exercise of an Award or delivering any Plan Shares arising from the Vesting and Exercise of an Award under these Rules on such terms and conditions as determined by the Board. For the avoidance of doubt, the Board may do all things necessary for the establishment, administration, operation and funding of such an employee share trust.

18. ASIC relief

Notwithstanding any other provisions of the Plan, every covenant or other provisions set out in an exemption or modification granted from time to time by ASIC in respect of the Plan or which applies to the Plan pursuant to its power to exempt and modify the Corporations Act and required to be included

in the Plan in order for that exemption or modification to have full effect, is deemed to be contained in the Plan. To the extent that any covenant or other provision deemed by this clause 18 to be contained in the Plan is inconsistent with any other provision in the Plan, the deemed covenant or other provision will prevail.

19. Restrictions on and amendments to the Plan

19.1 Compliance with Applicable Law and Stock Exchange Rules

- (a) Notwithstanding these Rules or any terms of an Award, no Award may be offered, granted, Vested or Exercised, and no Share may be issued or transferred, if to do so would contravene any Applicable Law.
- (b) If the Company is listed on the TSX, and if required by the TSX Listing Rules from time to time or if any exemption from those rules available to the Company ceases to be available, then these Rules and any Award shall be amended in order to bring these Rules and the terms of any Award in compliance with the non-exempted requirements of the TSX Company Manual.

19.2 Restrictions on the size of the Plan

The Board must not issue an Invitation, grant an Award or issue a Plan Share, if the sum of:

- (a) the number of Shares which would be issued were each outstanding offer with respect to Shares, units of Shares, and options to acquire unissued Shares, under an employee share scheme to be accepted or exercised; and
- (b) the number of Shares issued during the previous five (5) years under this Plan or any other employee share scheme extended to Eligible Employees and Consultants,

but excluding any offer made, or option acquired or Shares issued by way of or as a result of an Excluded Offer, would exceed five per cent (5%) of the total number of Shares on issue at that time.

19.3 Amendment of Plan

- (a) Subject to clause 19.3(b), the Board may:
 - (i) at any time amend any provisions of these Rules, including (without limitation) the terms and conditions upon which any Awards have been granted under the Plan; and
 - (ii) determine that any amendments to these Rules be given retrospective effect, immediate effect or future effect.
- (b) No amendment to any provision of these Rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment:
 - (i) introduced primarily:
 - (A) for the purposes of complying with or conforming to present or future legislation governing or regulating the Plan or like plans;

- (B) to correct any manifest error or mistake;
 - (C) to allow the implementation of an employee share trust arrangement pursuant to clause 17;
 - (D) to enable the Plan or any member of the Group to comply with its constituent documents, and any other applicable laws and regulations; and/or
 - (E) to take into consideration possible adverse taxation implications in respect of the Plan including changes to applicable taxation legislation or the interpretation of that legislation by a court of competent jurisdiction or any rulings from taxation authorities administering such legislation; or
- (ii) agreed to in writing by all Participant(s).
- (c) As soon as reasonably practicable after making any amendment to any provision of these Rules, the Board will provide notice of the amendment to each Participant affected by the amendment. Failure by the Board to notify a Participant of any amendment will not invalidate the amendment as it applies to that Participant.

20. Duration

20.1 Termination

The Plan continues in operation until the Board decides to end it.

20.2 Suspension

The Board may from time to time suspend the operation of the Plan for a fixed period or indefinitely, and may end any suspension.

20.3 Effect of termination / suspension

If the Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of Participants.

20.4 Cancellation of Awards

Notwithstanding any other provisions of these Rules, but subject at all times to any Applicable Law, if a Participant and the Company (acting by the Board) agree in writing that some or all of the Awards granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, those Awards may be cancelled in the manner agreed between the Company and the Participant for no consideration.

21. Miscellaneous

21.1 Rights of Participants

Nothing in these Rules:

- (a) confers on any person any right or expectation to become a Participant, or the right to be invited to apply for, or be offered or to receive any Awards;
- (b) confers on any person the right to continue as an employee or officer of any member of the Group (as the case may be);
- (c) affects the rights of any member of the Group to terminate the employment or office of an Eligible Employee, or to terminate or otherwise end any engagement with a Consultant;
- (d) forms part of any contract of service between an Eligible Employee and any member of the Group;
- (e) may be used to increase rights of compensation or damages in any action brought against a member of the Group in respect of any termination of employment or office;
- (f) confers any legal or equitable right on an Eligible Employee or Consultant whatsoever to take action against any member of the Group in respect of their employment, office or engagement; or
- (g) confers on an Eligible Employee or Consultant any rights to compensation or damages in consequence of the termination or cessation of their employment, office or engagement by any member of the Group for any reason whatsoever including ceasing to have rights under the Plan as a result of such termination.

21.2 Non-exclusivity

- (a) This Plan is not the sole means by which all members of the Group intend to provide incentives to Eligible Employees and Consultants. Nothing in this Plan is intended to restrict any member of the Group from remunerating or otherwise rewarding Eligible Employees and Consultants outside the Plan.
- (b) Participation in the Plan does not affect, and is not affected by, participation in any other incentive or other scheme operated by any member of the Group unless the terms of that other scheme provide otherwise.

21.3 Notice

- (a) Any notice or other communication under or concerning the Plan is validly given:
 - (i) to a Participant, if delivered personally to the addressee or sent by prepaid post to the Participant's last known residential address, or sent to the Participant by facsimile or email at the Participant's place of work; and
 - (ii) to the Company, if delivered or sent by prepaid post addressed to the company secretary at the Company's registered office (or any other address the Board specifies), or as otherwise notified by the Company from time to time.
- (b) Delivery of notices

Subject to clause 21.3(a), a notice or other communication will be deemed to have been served:

- (i) if delivered by hand, at the time of delivery;

- (ii) if sent by facsimile or electronic mail, on receipt of a successful transmission notice, return receipt or such other confirmation by which the sender can reasonably verify delivery; or
- (iii) if posted, and provided it is properly addressed and stamped, 48 hours after mailing in Australia and 7 days after mailing outside Australia.

21.4 Further assurances

All parties that have agreed to be bound by these Rules must do all things reasonably necessary to give full effect to this Plan and the transactions contemplated by this Plan.

21.5 Costs and charges

- (a) The Company will be responsible for any brokerage, commission, stamp duty or other costs payable in relation to the issue or transfer of Plan Shares to or on behalf of a Participant.
- (b) Each Participant will be responsible for all costs associated with the disposal of a Plan Share by that Participant.

21.6 No representation or warranty

- (a) The Company makes no representation or warranty as to the value of Awards or Plan Shares or with respect to any tax matters affecting any Eligible Employee, Consultant or Participant in connection with the Plan.
- (b) Neither the Company, nor any of its directors, officers or employees are liable for anything done or omitted to be done by such person or any other person with respect to price, time, quantity or other conditions and circumstances of the issue or acquisition of Shares under the Plan, with respect of any fluctuations in the market price of Shares, or in any other manner related to the Plan.

21.7 Data protection

By participating in the Plan, the Participant consents to the holding and processing of personal data provided by the Participant for the purposes of the Plan. These purposes include, but are not limited to:

- (a) administering and maintaining employee and Participant records;
- (b) providing information to members of the Group, registrars, brokers or third party administrators of the Plan (if any) or advisers of the Board; and
- (c) providing information to corporate advisers or potential future third party purchasers in connection with a sale of shares in a member of the Group, or the business and assets of a member of the Group.

21.8 Governing law

- (a) This Plan is governed by the laws of Western Australia.
- (b) Each Participant submits to the non-exclusive jurisdiction of the courts of Western Australia,

and the courts competent to determine appeals from those courts, with respect to any proceedings that may be brought in connection with these Rules.

21.9 Waiver of rights

- (a) A waiver of any right, power, authority, discretion or remedy arising upon a breach of or default under these Rules must be in writing and signed by the party granting the waiver, and may be subject to such terms and conditions as determined by the party granting the waiver.
- (b) A failure or delay in the exercise, or partial exercise, of a right, power, authority, discretion or remedy arising from a breach of or default under these Rules, does not prevent the exercise of or result in a waiver of that right, power, authority, discretion or remedy.
- (c) A party is not entitled to rely on a delay in the exercise or non-exercise of a right, power, authority, discretion or remedy arising from a breach of these Rules or default under these Rules as constituting a waiver of that right, power, authority, discretion or remedy.
- (d) A party may not rely on any conduct of another party as a defence to the exercise of a right, power, authority, discretion or remedy by that other party.
- (e) A waiver is only effective in the specific instance and for the specific purpose for which it is given and subject to any specific terms and conditions as specified in the waiver.
- (f) This clause may not itself be waived except in writing.

Schedule 3 – Performance Measures of the 2014 grant of Share Appreciation Rights vesting in 2017 under the IMX Resources Limited Share Appreciation Rights and Performance Rights Plan Rules

The Share Appreciation Rights are subject to a Total Shareholder Return (TSR) hurdle and will become eligible for vesting depending on performance against the TSR hurdle as follows:

Performance against TSR hurdle	Portion of Share Appreciation Rights subject to relative TSR hurdle that become performance qualified
Compound annual TSR from 1 October 2014 to 30 June 2017 is less than 20%	Nil
Compound annual TSR from 1 October 2014 to 30 June 2017 is between 20% and 35%	50% of Share Appreciation Rights
Compound annual TSR from 1 October 2014 to 30 June 2017 is between 35% and 50%	75% of Share Appreciation Rights
Compound annual TSR from 1 October 2014 to 30 June 2017 is above 50%	100% of Share Appreciation Rights

Notwithstanding that Share Appreciation Rights may become performance qualified during the relevant performance period, in order to be eligible for settlement of the Share Appreciation Rights, the Participant must remain employed with the IMX Group throughout the performance period and as at the date of settlement.

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 IXR
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 4:30pm (Perth time) Monday, 24 November 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 the annual report, 24 hours a day, 7 days a week:

www.imxresources.com.au

To view and update your securityholding:

www.investorcentre.com

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

IND

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 IMX 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 Annual General Meeting of IMX Resources Limited to be held in The Main Function Room, Celtic Club, 48 Ord Street, West Perth, Western Australia on Wednesday, 26 November 2014 at 4:30pm (Perth time) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 and 6 - 10 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 6 - 10 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

The Chairman of the Meeting intends to vote undirected proxies in favour of each Item of business with the exception of Resolution 10 where the Chairman of the Meeting intends to vote against.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1 and 6 - 10 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	Adoption of Remuneration Report	☐	☐	☐
Resolution 2	Re-election of Director – Kellie Benda	☐	☐	☐
Resolution 3	Election of Director – Derek Fisher	☐	☐	☐
Resolution 4	Election of Director – Nicholas Corlis	☐	☐	☐
Resolution 5	Approval of Additional 10% Capital Raising Capacity	☐	☐	☐
Resolution 6	Approval of Share Appreciation Rights and Performance Rights Plan	☐	☐	☐
Resolution 7	Issue of Performance Rights and Share Appreciation Rights to Mr Nicholas Corlis and issue of Shares to settle the Performance Rights and Share Appreciation Rights upon vesting	☐	☐	☐
Resolution 8	Issue of Performance Rights to non-executive Directors and issue of Shares to settle the Performance Rights upon vesting	☐	☐	☐
Resolution 9	Ratification of issue of Performance Rights and Share Appreciation Rights	☐	☐	☐
Resolution 10	Spill Meeting (if applicable)	☐	☐	☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business with the exception of Resolution 10 where the Chairman of the Meeting intends to vote against. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

_____ / _____ / _____

Date

I X R

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Computershare +