



**NOTICE OF 2013 ANNUAL GENERAL MEETING  
AND EXPLANATORY STATEMENT AND PROXY FORM**

DATE OF MEETING  
**21 NOVEMBER 2013**

TIME OF MEETING  
**11AM (WST)**

PLACE OF MEETING  
**34 BAGOT ROAD  
SUBIACO WA**

Please read the Notice carefully and if you are unable to attend the Annual General Meeting of Shareholders please complete and return the enclosed Proxy Form in accordance with the specified directions.

This is an important document. It should be read in its entirety. If you are in doubt as to the course you should follow, consult your financial or other professional adviser.

**RESOURCE AND INVESTMENT NL**

ABN 77 085 806 284

34 Bagot Road

Subiaco, Western Australia 6008

PO Box 298 West Perth, Western Australia 6872

Email: [general@rninl.com.au](mailto:general@rninl.com.au) Web: [www.rninl.com.au](http://www.rninl.com.au)

Telephone: +61-8 9489 9200 Facsimile: +61-8 9489 9201

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## TIME AND PLACE OF MEETING AND HOW TO VOTE

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### VENUE

The 2013 Annual General Meeting of the Shareholders of Resource and Investment NL will be held at:

34 BAGOT ROAD  
SUBIACO WESTERN AUSTRALIA  
Commencing 11am (WST) on Thursday 21 November 2013

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### VOTING ENTITLEMENTS

For the purposes of the Corporations Act, all securities of the Company that are quoted securities at 5pm (WST) on Tuesday 19 November 2013 will be taken, for the purposes of the Meeting, to be held by the persons who held them at the time and such persons are eligible to vote at the Meeting.

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### HOW TO VOTE

The business of the Meeting affects your shareholding and your vote is important. Please take action by voting in person (or authorised representative) or by proxy.

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### VOTING IN PERSON

To vote in person, attend the Meeting on the date and at the place set out above. The Meeting will commence at 11am (WST).

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### PROXIES

A Proxy Form accompanies this Notice of Annual General Meeting. To be effective the Proxy Form must be completed and received at either the Company's registered office or its share registry, Security Transfer Registrars, no later than 11am (WST) on Tuesday 19 November 2013.

#### **Registered Office**

Company Secretary  
Resource and Investment NL  
34 Bagot Road  
Subiaco WA 6008  
PO Box 298, West Perth WA 6872  
Or by facsimile to: +61-8 9489 9201  
Or by electronic mail: [general@rninl.com.au](mailto:general@rninl.com.au)

#### **Share Registry**

Security Transfer Registrars  
770 Canning Highway  
Applecross WA 6153  
PO Box 535, Applecross WA 6953

If any Shareholder wishes to lodge a proxy electronically, it will be necessary to scan the signed Proxy Form and e-mail that image of the Proxy Form with the signature affixed to be received no later than 48 hours before commencement of the Meeting. This is needed to comply with the requirements of section 250A of the Corporations Act that a valid proxy be in writing and be signed by the Shareholder appointing the proxy.

If you are entitled to attend and cast a vote at the Meeting you may appoint up to two proxies. A proxy may be an individual or a corporation but need not be a shareholder. If you appoint two proxies each proxy may exercise half of the Shareholder's votes if no proportion or number of votes is specified.

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### **CORPORATE REPRESENTATIVES**

A corporation may appoint an individual as a representative to exercise its powers as Shareholder or as a Shareholder's proxy. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed, unless it has been previously given to the Company's share registry.

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### **POWERS OF ATTORNEY**

A person appearing as an Attorney for a Shareholder should produce a properly executed original (or certified copy) of an appropriate Power of Attorney for admission to the Annual General Meeting.

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## AGENDA

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### 1. 2013 Annual Report

To receive the Annual Report for Resource and Investment NL for the year ended 30 June 2013.

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

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

*“That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company’s Annual Report for the year ended 30 June 2013.”*

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

**Voting exclusion:**

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

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

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

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
  - (b) the voter is the Chair and the appointment of the Chair as proxy:
    - (i) does not specify the way the proxy is to vote on this Resolution; and
    - (ii) expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.
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### 3. Resolution 2 – Re-Election of Thomas Mann as a Director

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

*“That, Mr Thomas Mann, who retires in accordance with Article 73.1 of the Constitution, being eligible and offering himself for re-election, be re-elected as a Director.”*

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**4. Resolution 3 – Ratification of Issue of Shares under Listing Rule 7.4**

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

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, the Shareholders hereby approve and ratify the issue of 20,031,318 Shares pursuant to a placement as announced to ASX on 7 December 2012 and as more fully described in the Explanatory Statement accompanying this Notice.”*

**Voting exclusion:**

The Company will disregard any votes cast on this Resolution by any person who participated in the issue and a person who might obtain a benefit, except a benefit solely in their capacity as a security holder, and any of their associates, unless:

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

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**5. Resolution 4 – Ratification of Issue of Options under Listing Rule 7.4**

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

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, the Shareholders hereby approve and ratify the issue of 4,000,000 \$0.35 Options to New Holland Capital Pty Ltd for services rendered as announced to ASX on 13 March 2013 and as more fully described in the Explanatory Statement accompanying this Notice.”*

**Voting exclusion:**

The Company will disregard any votes cast on this Resolution by New Holland Capital Pty Ltd and any person who might obtain a benefit, except a benefit solely in their capacity as a security holder, and any of their associates, unless:

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

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**6. Resolution 5 – Ratification of Issue of Shares – Horseshoe Range Gold Project**

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

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, the Shareholders hereby approve and ratify the issue of 3,805,554 Shares to Naracoota Resources Limited as announced to ASX on 29 May 2013 and as more fully described in the Explanatory Statement accompanying this Notice.”*

**Voting exclusion:**

The Company will disregard any votes cast on this Resolution by Naracoota Resources Limited and any person who might obtain a benefit, except a benefit solely in their capacity as a security holder, and any of their associates, unless:

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

- (b) the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the Proxy Form to vote as the proxy decides).

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## 7. Resolution 6 – Ratification of Issue of Shares – Doolgunna Exploration Licence

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

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, the Shareholders hereby approve and ratify the issue of 3,000,000 Shares to Ascidian Prospecting Pty Ltd as announced to ASX on 29 May 2013 and 31 July 2013 and as more fully described in the Explanatory Statement accompanying this Notice.”*

### **Voting exclusion:**

The Company will disregard any votes cast on this Resolution by Ascidian Prospecting Pty Ltd and any person who might obtain a benefit, except a benefit solely in their capacity as a security holder, and any of their associates, unless:

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

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## 8. Resolution 7 – Issue of Directors’ Options – A, B, C and D

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

- A. *“That for the purposes of Listing Rule 10.11 and for all other purposes, the Shareholders hereby approve the issue and allotment of 3,000,000 Directors’ Options to Miles Kennedy, or his nominee(s), for no cash consideration, each of such Directors’ Options being subject to the terms and conditions and carrying the right, exercisable at the time, price and in the manner prescribed in the Explanatory Memorandum, to subscribe for one (1) Share in the Company, and resolve that this constitutes reasonable remuneration for the purposes of Chapter 2E of the Corporations Act.”*

### **Voting exclusion:**

The Company will disregard any votes cast on this Resolution by Mr Kennedy (and any associate of Mr Kennedy). However, the Company will not disregard a vote if:

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

- B. *“That for the purposes of Listing Rule 10.11 and for all other purposes, the Shareholders hereby approve the issue and allotment of 3,000,000 Directors’ Options to Albert Thamm, or his nominee(s), for no cash consideration, each of such Directors’ Options being subject to the terms and conditions and carrying the right, exercisable at the time, price and in the manner prescribed in the Explanatory Memorandum, to subscribe for one (1) Share in the Company, and resolve that this constitutes reasonable remuneration for the purposes of Chapter 2E of the Corporations Act.”*

**Voting exclusion:**

The Company will disregard any votes cast on this Resolution by Mr Thamm (and any associate of Mr Thamm). 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) the person chairing the Meeting as proxy for a person who is entitled to vote (in accordance with a direction on the Proxy Form to vote as the proxy decides).

C. *“That for the purposes of Listing Rule 10.11 and for all other purposes, the Shareholders hereby approve the issue and allotment of 2,000,000 Directors’ Options to John Hutton, or his nominee(s), for no cash consideration, each of such Directors’ Options being subject to the terms and conditions and carrying the right, exercisable at the time, price and in the manner prescribed in the Explanatory Memorandum, to subscribe for one (1) Share in the Company, and resolve that this constitutes reasonable remuneration for the purposes of Chapter 2E of the Corporations Act.”*

**Voting exclusion:**

The Company will disregard any votes cast on this Resolution by Mr Hutton (and any associate of Mr Hutton). 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) the person chairing the Meeting as proxy for a person who is entitled to vote (in accordance with a direction on the Proxy Form to vote as the proxy decides).

D. *“That for the purposes of Listing Rule 10.11 and for all other purposes, the Shareholders hereby approve the issue and allotment of 2,000,000 Directors’ Options to Thomas Mann, or his nominee(s), for no cash consideration, each of such Directors’ Options being subject to the terms and conditions and carrying the right, exercisable at the time, price and in the manner prescribed in the Explanatory Memorandum, to subscribe for one (1) Share in the Company, and resolve that this constitutes reasonable remuneration for the purposes of Chapter 2E of the Corporations Act.”*

**Voting exclusion:**

The Company will disregard any votes cast on this Resolution by Mr Mann (and any associate of Mr Mann). 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) the person chairing the Meeting as proxy for a person who is entitled to vote (in accordance with a direction on the Proxy Form to vote as the proxy decides).

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**9. Resolution 8 - Incentive Option Plan**

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

*"That, for the purpose of Listing Rule 7.2 (Exemption 9) and for all other purposes, the Company adopts the "Resource and Investment NL Share Option Plan" (approved by Shareholders in general meeting on 25 November 2010), the material terms of which are summarised in the Explanatory Notes, and approves the issue of securities under that incentive plan."*

**Voting exclusion:**

The Company will disregard any votes cast on this Resolution by any person who may participate in the issue and a person who might obtain a benefit, except a benefit solely in their capacity as a security holder, and any of their associates, unless:

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

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**10. Resolution 9 – Issue of Shares under Listing Rule 7.1A**

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

*"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities 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 Statement."*

**Voting exclusion:**

The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in their capacity as a security holder, and any of their associates, unless:

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

**BY ORDER OF THE BOARD**

MARK CLEMENTS  
**COMPANY SECRETARY**

**17 October 2013**



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## EXPLANATORY STATEMENT

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### 1. Introduction

This Explanatory Statement has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at the Annual General Meeting to be held at 34 Bagot Road, Subiaco, Western Australia on Thursday 21 November 2013 at 11.00am (WST).

This Explanatory Statement has been prepared to provide Shareholders with material information to enable them to make an informed decision on the business to be conducted at the Annual General Meeting of the Company, and provides Shareholders with the information required to be provided to Shareholders by the Corporations Act and the Listing Rules.

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### 2. Action to be taken by Shareholders

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

A Proxy Form is attached to the 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 in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

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### 3. Annual Report

The Corporations Act requires the Annual Report to be laid before the Company's Annual General Meeting. There is no requirement in either the Corporations Act or the Constitution for Shareholders to approve the Annual Report.

Shareholders will be offered the following opportunities:

- (a) discuss the Financial Report (which includes the financial statements and Directors declaration), the Directors' Report and Auditor's Report;
- (b) ask questions or make comment 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 of the Meeting about the management of the Company, or to the Company's auditor about:

- (d) the preparation and content of the Auditor's Report;
- (e) the conduct of the audit;
- (f) accounting policies adopted by the Company in relation to the preparation of the financial statements; and

- (g) the independence of the auditor in relation to the conduct of the audit, maybe submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

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## 4. Resolution 1 – Adoption of Remuneration Report

### 4.1 General

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

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The remuneration report is part of the Directors' report contained in the Annual Report of the Company for the financial year ending 30 June 2013.

A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

### 4.2 Voting consequences

Under recent changes to the Corporations Act which came into effect on 1 July 2011, if at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report in two consecutive annual general meetings, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of directors of the Company (**Spill Resolution**) at the second annual general meeting.

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

### 4.3 Proxy Restrictions

Shareholders appointing a proxy for Resolution 1 should note the following:

***If you appoint a member of the Key Management Personnel as your proxy***

If you elect to appoint a member of Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of that member, ***you must direct the proxy how they are to vote***. Undirected proxies granted to these persons will not be included in any vote on Resolution 1.

***If you appoint the Chair as your proxy***

If you elect to appoint the Chair as your proxy, you ***do not*** need to direct the Chair how you wish them to exercise your vote on Resolution 1, however if you do not direct the Chair how to vote, ***you must tick the acknowledgement on the Proxy Form to acknowledge that the Chair may exercise their discretion in exercising your proxy even though Resolution 1 is connected directly or indirectly with the remuneration of Key Management Personnel***.

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***If you appoint any other person as your proxy***

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

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**5. Resolution 2 – Re-Election of Thomas Mann as a Director**

Listing Rule 14.4 and Article 73.1 of the Constitution requires that at an annual general meeting, one-third of Directors for the time being shall retire from office. A retiring Director is eligible for re-election.

In accordance with the Constitution, Mr Mann retires as a Director by way of rotation and being eligible, offers himself for re-election.

Mr Mann has over 30 years experience in financial markets and global trade. He began his career in the financial services industry as a stockbroker working in both Sydney and London. He then began a global trading company with operations in the USA, Malaysia, Thailand, Indonesia and Australia. More recently he has been involved in capital raising initiatives and strategic development programs for small to mid-size public and private companies.

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

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**6. Resolution 3 – Ratification of Issue of Shares**

Resolution 3 has been proposed so that Shareholders may consider and if thought fit approve and ratify, for the purposes of Listing Rule 7.4, and for all other purposes, the issue by the Company of 20,031,318 Shares (**Placement Shares**) which were issued by the Company on 12 December 2012 by way of a placement under Section 708A of the Corporations to sophisticated and professional investors to raise approximately \$3 million as announced to ASX on 7 December 2012.

Listing Rule 7.1 restricts the number of securities the Company may issue without Shareholder approval in a 12-month period to the number which is 15% of its issued capital.

Listing Rule 7.4 allows Shareholders to subsequently approve previous issues of securities for the purposes of Listing Rule 7.1. In order to replenish its capacity to issue shares in accordance with Listing Rule 7.1, the Company is seeking Shareholder approval of the above issue pursuant to Listing Rule 7.4 to give the Company the flexibility to raise further funds up to the 15% limit without the need to obtain further Shareholder approval.

If Resolution 3 is not approved, this will have no impact on the Placement Shares issued, which are already officially quoted on ASX. It would however mean that those Placement Shares would be included in calculating the 15% limit of additional securities, which may be issued by the Company in a 12-month period.

For the purposes of Shareholder approval of Resolution 3 and the requirements of Listing Rule 7.5, information is provided as follows:

- (a) the Placement Shares were issued on 12 December 2012;

- (b) the Placement Shares are fully paid ordinary Shares and rank equally in all respects with the Company's existing Shares on issue;
- (c) the Placement Shares were allotted to holders who are not related parties or associates of a related party of the Company;
- (d) the Placement Shares were issued at an issue price of \$0.15 to meet the working capital requirements of the Company and were applied towards exploration and evaluation of existing tenements, development (including DMP and Environmental approvals, plant refurbishment, wages and associated costs) and administration costs; and
- (e) a voting exclusion statement is included in the Notice.

The Board recommends that Shareholders vote in favour of Resolution 3. The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 3.

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## 7. Resolution 4 – Ratification of Issue of Options

Resolution 4 has been proposed so that Shareholders may consider and if thought fit approve and ratify, for the purposes of Listing Rule 7.4, and for all other purposes, the issue by the Company of 4,000,000 \$0.35 Options (**\$0.35 Options**) which were issued by the Company on 13 March 2013 to an New Holland Capital Pty Ltd for services rendered to secure the \$15 million interim debt facility as announced to ASX on 12 February 2013.

Listing Rule 7.1 restricts the number of securities the Company may issue without Shareholder approval in a 12-month period to the number which is 15% of its issued capital.

Listing Rule 7.4 allows Shareholders to subsequently approve previous issues of securities for the purposes of Listing Rule 7.1. In order to replenish its capacity to issue shares in accordance with Listing Rule 7.1, the Company is seeking Shareholder approval of the above issue pursuant to Listing Rule 7.4 to give the Company the flexibility to raise further funds up to the 15% limit without the need to obtain further Shareholder approval.

If Resolution 4 is not approved, this will have no impact on the \$0.35 Options issued, which are already officially quoted on ASX. It would however mean that those \$0.35 Options would be included in calculating the 15% limit of additional securities, which may be issued by the Company in a 12-month period.

For the purposes of Shareholder approval of Resolution 4 and the requirements of Listing Rule 7.5, information is provided as follows:

- (a) the \$0.35 Options were issued on 13 March 2013 and for no cash consideration;
- (b) the Shares that would be issued on the exercise of the \$0.35 Options will be fully paid ordinary Shares and will rank equally in all respects with the Company's existing Shares on issue;
- (c) the \$0.35 Options were allotted to holders who are not related parties or associates of a related party of the Company;
- (d) the terms of the \$0.35 Options are included in Schedule 2 of the Notice; and
- (e) a voting exclusion statement is included in the Notice.

The Board recommends that Shareholders vote in favour of Resolution 4. The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 4.

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## 8. Resolution 5 – Ratification of Issue of Shares – Horseshoe Range Gold Project

Resolution 5 has been proposed so that Shareholders may consider and if thought fit approve and ratify, for the purposes of Listing Rule 7.4, and for all other purposes, the issue by the Company of 3,805,554 Shares at a deemed issue price of \$0.0788 (**Consideration Shares**) which were issued by the Company on 29 May 2013 by way of a placement under Section 708A of the Corporations Act to Naracoota Resources Limited, the holders of the Horseshoe Range Gold Project (**Project**), as the consideration due by the Company's wholly owned subsidiary, Grosvenor Gold Pty Ltd, for an option (**the Option**) to earn a 51% interest in the Project in terms of an agreement (**the Option Agreement**) announced to ASX on 20 August 2012.

Listing Rule 7.1 restricts the number of securities the Company may issue without Shareholder approval in a 12-month period to the number which is 15% of its issued capital.

Listing Rule 7.4 allows Shareholders to subsequently approve previous issues of securities for the purposes of Listing Rule 7.1. In order to replenish its capacity to issue shares in accordance with Listing Rule 7.1, the Company is seeking Shareholder approval of the above issue pursuant to Listing Rule 7.4 to give the Company the flexibility to raise further funds up to the 15% limit without the need to obtain further Shareholder approval.

If Resolution 5 is not approved, this will have no impact on the Consideration Shares issued, which are already officially quoted on ASX. It would however mean that those Consideration Shares would be included in calculating the 15% limit of additional securities, which may be issued by the Company in a 12-month period.

For the purposes of Shareholder approval of Resolution 5 and the requirements of Listing Rule 7.5, information is provided as follows:

- (a) the Consideration Shares were issued on 29 May 2013;
- (b) the Consideration Shares are fully paid ordinary Shares and rank equally in all respects with the Company's existing Shares on issue;
- (c) the Consideration Shares were allotted to Naracoota Resources Ltd who are not related parties or associates of a related party of the Company;
- (d) the Consideration Shares were issued at a deemed issue price of \$0.0788 each in settlement of the sum of \$300,000 due by the Company to the allottees in consideration for the grant of the Option under the Option Agreement; and
- (e) a voting exclusion statement is included in the Notice.

The Board recommends that Shareholders vote in favour of Resolution 5. The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 5.

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## 9. Resolution 6 – Ratification of Issue of Shares – Doolgunna Exploration Licence

Resolution 6 has been proposed so that Shareholders may consider and if thought fit approve and ratify, for the purposes of Listing Rule 7.4, and for all other purposes, the issue by the Company of 3,000,000 Shares (**Doolgunna Shares**) which were issued by the Company on 30 July 2013 by way of a placement under Section 708A of the Corporations Act to Ascidian Prospecting Pty Ltd, the holders of Exploration Licence (E52/2438) (**Doolgunna Exploration Licence**), as part of the consideration due by the Company to extend the option held by the Company to acquire a 100% interest in the Doolgunna Exploration Licence (**the Option**) in terms of an agreement (**the Second Deed of Variation**) announced to ASX on 29 May 2013.

Listing Rule 7.1 restricts the number of securities the Company may issue without Shareholder approval in a 12-month period to the number which is 15% of its issued capital.

Listing Rule 7.4 allows Shareholders to subsequently approve previous issues of securities for the purposes of Listing Rule 7.1. In order to replenish its capacity to issue shares in accordance with Listing Rule 7.1, the Company is seeking Shareholder approval of the above issue pursuant to Listing Rule 7.4 to give the Company the flexibility to raise further funds up to the 15% limit without the need to obtain further Shareholder approval.

If Resolution 6 is not approved, this will have no impact on the Doolgunna Shares issued, which are already officially quoted on ASX. It would however mean that those Doolgunna Shares would be included in calculating the 15% limit of additional securities, which may be issued by the Company in a 12-month period.

For the purposes of Shareholder approval of Resolution 6 and the requirements of Listing Rule 7.5, information is provided as follows:

- (a) the Doolgunna Shares were issued on 30 July 2013 for no cash consideration but as part of the consideration due by the Company for the extension of the Option;
- (b) the Doolgunna Shares are fully paid ordinary Shares and rank equally in all respects with the Company's existing Shares on issue;
- (c) the Doolgunna Shares were allotted to Ascidian Prospecting Pty Ltd who are not related parties or associates of a related party of the Company;
- (d) the Doolgunna Shares were issued in consideration for the extension of the Option under the Second Deed of Variation; and
- (e) a voting exclusion statement is included in the Notice.

The Board recommends that Shareholders vote in favour of Resolution 6. The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 6.

## 10. Resolution 7 – Issue of Directors’ Options – A, B, C and D

Under Resolutions 7.A to 7.D inclusive, shareholders are asked to approve the issue of Directors’ Options for no consideration to the Directors of the Company as follows:

Resolution	Director	No. of Directors’ Options	Exercise Price	Expiry Date
Resolution 7.A	Miles Kennedy	3,000,000	\$0.12	21 Nov 2016
Resolution 7.B	Albert Thamm	3,000,000	\$0.12	21 Nov 2016
Resolution 7.C	John Hutton	2,000,000	\$0.12	21 Nov 2016
Resolution 7.D	Thomas Mann	2,000,000	\$0.12	21 Nov 2016

### (a) Number, Price and Allottees

The Company will issue the Directors’ Options described above to each Director concerned, or their respective nominee(s), for no cash consideration and on the terms referred to below, within one month of the date of the Meeting.

If the proposed issue of Directors’ Options to each director (or their respective nominees) is approved by shareholders pursuant to the respective Resolutions, the aggregate number of options that will be issued under Resolutions 7.A to 7.D inclusive is 10,000,000 Directors’ Options.

On 2 October 2013, the Board resolved to issue 7,400,000 unlisted \$0.12 options to eligible participants pursuant to the Company’s Share Option Plan (refer ASX announcement 4 October 2013) and to issue the Directors’ Options, subject to shareholder approval. The exercise price represented a 71% premium to the closing price of the Shares of \$0.07 on 2 October 2013.

### (b) Use of Funds Raised

No funds will be raised from the issue of the Directors’ Options under any of Resolutions 7.A to 7.D. inclusive.

### (c) Terms of Directors’ Options

The Directors’ Options referred to in Resolutions 7.A to 7.D inclusive, will be issued upon and subject to the following terms and conditions:

#### 1. Definitions:

- (i) **ASX Listing Rules** means the official listing rules of ASX Limited;
- (ii) **Company** means Resource and Investment NL (ACN 085 806 284).
- (iii) **Corporations Act** means Corporations Act 2001 (Cth) of Australia.
- (iv) **Exercise Price** means the exercise price of each Directors’ Option, being \$0.12.

- (v) **Expiry Notice** means 5.00pm (Perth time) on the third anniversary of the date of issue of the Directors' Option.
  - (vi) **Exercise Notice** means the form prescribed by the Company from time to time for the purpose of exercising Directors' Options.
  - (vii) **Share** means a fully paid ordinary voting share in the capital of the Company.
  - (viii) **Directors' Option** means an option to subscribe for a Share at the Exercise Price prior to the Expiry Date in the manner set out in these Terms and Conditions.
  - (ix) **Directors' Option Holder** means the person or persons registered as the holder of one or more Directors' Options from time to time.
2. Each Directors' Option carries the right to subscribe for one Share.
  3. Each Directors' Option is unlisted and is transferable subject to any restrictions on transfer imposed by ASX.
  4. Subject to any restrictions imposed by ASX on the exercise of Directors' Options, Directors' Options may be exercised by the Directors' Options Holder by delivering to the Company's registered office or the Company's share registry an Exercise Notice at any time prior to the Expiry Date.
  5. Each Exercise Notice must state the number of Directors' Options to be exercised and be accompanied by the relevant holding statement(s), if any, and payment (in Australian currency) to the Company of an amount (the **Application Monies**) being the result of the Exercise Price multiplied by the number of Directors' Options being exercised.
  6. Following receipt of a properly executed Exercise Notice and Application Monies in respect of the exercise of any Directors' Options, the Company will issue the resultant Shares and deliver notification of shareholdings.
  7. Subject to any restrictions imposed by ASX, the Company will make application to have the Shares (issued pursuant to an exercise of Directors' Options) listed for quotation by ASX within 7 days of the date of issue.
  8. Subject to any restrictions imposed by ASX, Shares issued pursuant to an exercise of Directors' Options shall rank, from the date of issue, pari passu with existing Shares in all respects.
  9. Directors' Options carry no right to participate in pro rata issues of securities to shareholders unless the Directors' Options are exercised before the record date for determining entitlements to the relevant pro rata issue.
  10. Each Directors' Option Holder will be notified by the Company of any proposed pro rata issue of securities to shareholders in accordance with ASX Listing Rules.



11. In the event of a reorganisation (including reconstruction, consolidation, subdivision, reduction, or return) of the capital of the Company, the terms of the Directors' Options will be changed to the extent necessary to comply with the requirements of the Corporations Act and ASX Listing Rules (in force at the time of the reorganisation).
12. Except as noted in paragraph 11 above, a Directors' Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Directors' Option can be exercised.

(d) Other Information

The primary purpose of these issues of Directors' Options is not to raise capital, but to provide an incentive to the Directors. Given this purpose, the Company does not believe that there are any significant opportunity costs or benefits forgone by the issue of the Directors' Options.

The market price of the Shares during the term of the Directors' Options would normally determine whether or not the Directors' Option Holder exercises the Directors' Option. At the time any Directors' Options are exercised and Shares issued pursuant to the exercise of any Directors' Option, the Shares may be trading on ASX at a price which is higher than the Exercise Price of the Directors' Options. Where this is the case, the opportunity cost may be that the Company could have received greater consideration for the issue of the Shares than the applicable Exercise Price.

During the preceding 12 months ended 2 October 2013, the Company's Share price has traded from a low of \$0.05 per Share on 25 June 2013 to a high of \$0.26 on 17 October 2012 per Share. The closing price of the Company's shares on 2 October 2013 was \$0.07.

ASIC has indicated the Black-Scholes option price calculation method is an acceptable method for valuing options. This method is designed to value listed securities that are freely tradable and hence it is not entirely appropriate or reliable in the current circumstances where the Directors' Options proposed to be issued pursuant to Resolutions 7.A to 7.D, inclusive, will be transferable but not listed. Nevertheless, a value for each of the Directors' Options as at the date of this Notice of Meeting has been estimated to be approximately \$0.048 by applying the Black-Scholes option pricing model based on the particulars contained in the following Table:

**Table**

Exercise price of Directors' Options	\$0.12
Share price used (Closing ASX price 2 October 2013)	\$0.07
Expiry date (3 years from date of issue)	21 Nov 2016
Total number of Directors' Options	10,000,000
Risk free rate	2.74%

Black-Scholes total notional value (all Directors' Options)	\$480,186
Black-Scholes total notional value (each Directors' Option)	\$0.048

## (e) Issued Capital

The Company currently has the following issued capital as at the date of the Notice:

<b>Listed Securities:</b>	
Ordinary fully paid shares (RNI)	298,496,893
<b>Unlisted Securities:</b>	
Unlisted options exercisable at \$1.00 on or before 25 November 2013	6,000,000
Unlisted options exercisable at \$1.00 on or before 17 May 2014	3,300,000
Unlisted options exercisable at \$0.4374 on or before 27 March 2015	3,597,621
Unlisted options exercisable at \$0.35 on or before 13 March 2017	4,000,000
Unlisted options exercisable at \$0.60 on or before 9 November 2017	1,500,000
Unlisted options exercisable at \$0.12 on or before 3 October 2018	7,400,000

## (f) Potential Dilution

If:

1. none of the existing unlisted options to acquire Shares are exercised but all Directors' Options are issued pursuant to Resolutions 7.A to 7.D, inclusive, are exercised, the total dilution effect of the issue and exercise of all 10,000,000 Directors' Options on the Company's Share capital would be approximately 3.35%; and
2. all of the existing unlisted options to acquire Shares are exercised and all Directors' Options are issued pursuant to Resolutions 7.A to 7.D, inclusive, are exercised, the total dilution effect of the issue and exercise of all 10,000,000 Directors' Options on the Company's fully diluted Share capital would be approximately 3.08%.

## (g) Directors' Interests

As at the date of this Notice of Meeting, Messrs Kennedy, Thamm, Hutton and Mann had a relevant interest in the number of Shares and Options set out below:

<b>Director</b>	<b>Fully paid Ordinary Shares</b>	<b>Options @\$1.00 Expiring 25 Nov 2013</b>	<b>Options @\$1.00 Expiring 17 May 2014</b>
Miles Kennedy	18,112,857	1,000,000	-
John Hutton	9,428,076	1,000,000	-
Thomas Mann	1,000,000	1,000,000	-
Albert Thamm	10,000	-	1,000,000

## (h) Directors' Remuneration

Messrs Kennedy, Thamm, Hutton and Mann are currently being remunerated (on an annual basis) as follows:

<b>Director</b>	<b>Base Remuneration and Fees \$</b>	<b>Super Contributions \$</b>	<b>Total \$</b>
Miles Kennedy	200,421	10,313	210,734
Albert Thamm	241,180	21,706	262,886
John Hutton	55,046	4,954	60,000
Thomas Mann	43,815	19,600	63,415

Other than the issue of Directors' Options the subject of Resolutions 7.A to 7.D inclusive, the Company currently has no intention of materially altering the above remuneration.

All of the Directors were available to consider the proposed Resolutions.

The Directors consider that, although the issue of the Directors' Options would constitute reasonable remuneration for the purposes of Chapter 2E of the Corporations Act, it is possible that the transaction could be construed otherwise. Therefore, the directors also consider that it is prudent and sensible appropriate to seek the approval of shareholders to the issue of the Directors' Options.

Mr Kennedy declined to make a recommendation about the proposed Resolution 7.A on the basis that he has a material personal interest in the outcome of that resolution. All other directors of the Company recommend that shareholders vote in favour of Resolution 7.A as, having considered Mr Kennedy's experience and responsibilities and the Company's current circumstances, they each consider the issue of the Directors' Options to be a reasonable and proper incentive to Mr Kennedy to encourage the growth of the Company and maximize the value of each shareholder's investment in the Company.

Mr Thamm declined to make a recommendation about the proposed Resolution 7.B on the basis that he has a material personal interest in the outcome of that

resolution. All other directors of the Company recommend that shareholders vote in favour of Resolution 7.B as, having considered Mr Thamm's experience and responsibilities and the Company's current circumstances, they each consider the issue of the Directors' Options to be a reasonable and proper incentive to Mr Thamm to encourage the growth of the Company and maximize the value of each shareholder's investment in the Company.

Mr Hutton declined to make a recommendation about the proposed Resolution 7.C on the basis that he has a material personal interest in the outcome of that resolution. All other directors of the Company recommend that shareholders vote in favour of Resolution 7.C as, having considered Mr Hutton's experience and responsibilities and the Company's current circumstances, they each consider the issue of the Directors' Options to be a reasonable and proper incentive to Mr Hutton to encourage the growth of the Company and maximize the value of each shareholder's investment in the Company.

Mr Mann declined to make a recommendation about the proposed Resolution 7.D on the basis that he has a material personal interest in the outcome of that resolution. All other directors of the Company recommend that shareholders vote in favour of Resolution 7.D as, having considered Mr Mann's experience and responsibilities and the Company's current circumstances, they each consider the issue of the Directors' Options to be a reasonable and proper incentive to Mr Mann to encourage the growth of the Company and maximize the value of each shareholder's investment in the Company.

The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 7.A to 7.D, inclusive.

Other than the information disclosed above or elsewhere in this Explanatory Memorandum, no Director has an interest in the outcome of the proposed Resolutions 7.A to 7.D inclusive (other than as directors of, and holders of securities in, the Company) and neither the Directors nor the Company are aware of any other information that is reasonably required by shareholders in order to decide whether or not it is in the Company's interests to pass 7.A to 7.D inclusive.

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## 11. Resolution 8 – Resource and Investment NL Share Option Plan

At the Company's Annual General Meeting on 25 November 2010, the Shareholders approved the adoption by the Company of the "Resource and Investment NL Incentive Option Plan" (**the Plan**) and the issue of securities under that incentive plan.

With various exceptions, the rule contained in Listing Rule 7.1 (Rule 7.1) effectively restricts the number of securities the Company may issue in a 12-month period without Shareholder approval to the number which is 15% of its issued share capital. Under paragraph (b) of Exception 9 (contained in Listing Rule 7.2) (Exception 9), Rule 7.1 does not apply to the issue of securities under an employee incentive plan if, within 3 years before the date of issue, the holders of ordinary securities approved the issue of securities under that plan as an exception to that Rule.

As the Plan, and the issue of securities under it, was approved by Shareholders as an exception to Listing Rule 7.1 on 25 November 2010, the 3 year period specified in Exception 9 will end on 25 November 2013 and the Exception will not apply to securities

issued under the Plan after that date unless the Shareholders again approve the issue of securities under the Plan as an exception to Listing Rule 7.1.

The following table provides details of the securities, comprising a total of 12,200,000 unlisted options, that have been issued by the Company to eligible participants under the Plan since it was approved on 25 November 2010.

Table

<b>Date of Issue</b>	<b>Description of Securities</b>	<b>Number Issued</b>
18/05/2011	Unlisted options exercisable at \$1.00 on or before 17/05/2014	2,300,000
11/11/2011	Unlisted options exercisable at \$1.00 on or before 17/05/2014	1,000,000
9/11/2012	Unlisted options exercisable at \$0.60 on or before 9/11/2017	1,500,000
3/10/2013	Unlisted options exercisable at \$0.12 on or before 03/10/2018	7,400,000
	<b>Total options issued</b>	<b>12,200,000</b>

Approval for the purposes of Exception 9 will authorise the Company to issue Shares under the Plan without affecting the Company's capacity to place up to 15% of its issued capital under Listing Rule 7.1 without Shareholder approval. Shareholders can inspect the Plan rules before the Meeting at the Company's registered office. The Plan rules will also be available for inspection at the Meeting.

The Board unanimously recommends that Shareholders vote in favour of Resolution 8.

### 11.1 Summary of the Plan

The Board may offer Options (**Incentive Options**) to full or part-time employees of the Company (excluding directors) and consultants, contractors and advisers to the Company (**Participants**), or their respective nominee having regard to:

- (a) the Participant's length of service with or engagement by the Company;
- (b) the contribution to the Company which has been made by the Participant;
- (c) the potential contribution of the Participant to the Company; and
- (d) any other matters which the Board considers relevant.

No amount is payable on the issue of Incentive Options.

The Incentive Options will be issued on the terms of the Rules (**the Rules**) of the Plan, and each Participant will be taken to have agreed to be bound by the Rules on acceptance of any offer of Incentive Options.

Incentive Options may not be offered or issued under the Plan if:

- (a) immediately after the offer or issue, the aggregate of:
  - (i) the number of Shares to be received on exercise of those Incentive Options;
  - (ii) the number of Shares that would be issued on acceptance or exercise of any outstanding offer or option under any other incentive scheme; and
  - (iii) the number of Shares issued during the previous five years pursuant to the Plan or any other incentive scheme extended only to full or part-time employees or directors of the Company, would exceed 5% of the total number of Shares on issue at the time of the offer; or
- (b) the offer requires disclosure pursuant to the provisions of Part 6D.2 of the Corporations Act.
- (c) Subject to the Rules, each Incentive Option entitles the holder to subscribe for and be allotted one Share at an exercise price determined by the Board at the time it resolves to make offers of Incentive Options, having regard to such matters as the Board considers appropriate, but the exercise price must not be less than the market value of a Share at that time.
- (d) Incentive Options will not be quoted on ASX, but may be transferred in the discretion of the Participant provided that the transferee agrees to be bound by the Rules.
- (e) An Incentive Option carries no right to a dividend and no right to a vote.
- (f) No Incentive Option may be exercised if to do so would contravene the Corporations Act, the Listing Rules or the local laws or customs of a Participant's country of residence or in the opinion of the Board would require actions to comply with those local laws or customs which are impractical.
- (g) Incentive Options are exercisable by the holder lodging a notice of exercise of the Incentive Option together with the relevant Incentive Option certificate and paying the applicable exercise price.
- (h) Incentive Options may be exercised in multiple tranches, but except as authorised or approved by the Board, they must be exercised in multiples of five hundred unless the holder exercises all Incentive Options able to be exercised at that time. The exercise of some Incentive Options only does not affect the holder's right to exercise other Incentive Options at a later time. Except as authorised or approved by the Board, Incentive Options may not be exercised during the period of four weeks before the announcement to the ASX of the Company's half-year or full-year results (or during any other period during which Participants are not permitted to trade in the Company's securities pursuant to the Company's securities trading policy from time to time).
- (i) Any Incentive Option not exercised will lapse on the expiry of five years after the issue of the Incentive Option.
- (j) Subject to the Rules, the Company must allot Shares on exercise of Incentive Options in accordance with the Listing Rules, and will make application to ASX for

official quotation of those Shares if other Shares of the Company are listed at that time. Shares issued on the exercise of Incentive Options will rank pari passu with all existing Shares from the date of issue and will be entitled to any dividends which have a record date for determining entitlements after the date of issue.

- (k) Holders are prohibited from selling any Shares issued on exercise of an Incentive Option for a period of 12 months after the date of issue unless a notice has been issued by the Company pursuant to section 708A(5) of the Corporations Act at the time of issue of the Shares and the Company agrees to use all reasonable endeavours to ensure that an appropriate notice is issued.
- (l) An Incentive Option will not carry any participation rights in relation to new issues of securities to shareholders unless the Incentive Option has first been exercised, if that is permitted by its terms, and the Shares allotted in respect of the Incentive Option before the record date for determining entitlements to the new issue. The Company must give notice to holders of Incentive Options of any new issue at least 10 Business Days before the record date for determining entitlements to the issue.
- (m) If the Company makes a bonus issue of Shares or other securities pro rata to Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Shares have been allotted in respect of an Incentive Option before the record date for determining entitlements to the bonus issue then the number of securities over which the Incentive Option is exercisable will be increased by the number of securities which the Incentive Option holder would have received if the Incentive Option had been exercised before that record date.
- (n) If the Company makes an offer of Shares pro rata to all or substantially all Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) for a subscription price which is less than the market price (as defined in the Rules) and no Shares have been allotted in respect of an Incentive Option before the record date for determining entitlements to the rights issue then the exercise price per Share will be reduced according to the formula specified in the Rules but the number of Shares which the holder of an Incentive Option is entitled to subscribe for on exercise of that Incentive Option will not change.
- (o) In the event of any reorganisation of the capital of the Company, the rights of an Incentive Option holder will be changed to the extent necessary to comply with the Listing Rules.
- (p) The Company must give notice to each holder of Incentive Options of any adjustment to the number of Shares which that holder is entitled to subscribe for or be issued on exercise of an Incentive Option or the exercise price per Share in accordance with the Listing Rules.

The Plan will be administered by the Board in accordance with the Rules and they may make regulations for the operation of the Plan which are consistent with the Rules, and the decision of the Board as to the interpretation, effect or application of the Rules will be final and conclusive except in the case of manifest error or fraud. The powers and discretions conferred on the Board by the Rules may be exercised by the Board in the interests or for the benefit of the Company, and they are not, in exercising any such power or discretion, under any fiduciary or other obligation to any other person.

Any power or discretion which is conferred on the Board by the Rules may be delegated by them to a committee consisting of such Directors as they think fit.

The Board has the discretion to terminate or suspend the operation of the Plan but must give written notice to affected Participants as soon as reasonably practicable after that termination or suspension.

The Company is not restricted to using the Plan as the only method of providing incentive rewards to Participants and may approve other incentive schemes. Participation in the Plan does not affect, and is not affected by, participation in any other incentive or other scheme of the Company unless the terms of that incentive or scheme provide otherwise.

Subject to the qualifications summarised below and to the Listing Rules and all applicable laws, the Board may at any time by written instrument amend, including with retrospective effect, all or any of the Rules, and may specify that amendments to the Rules, including the terms of Incentive Options, will be taken to amend the terms of existing issued but unexercised Options.

However, any amendment to the Rules must, not materially reduce the rights of any holder of an Incentive Option in respect of their Incentive Options held at the date of the amendment, unless the amendment is introduced primarily for any one or more of the following reasons.

- (a) For the purpose of complying with or conforming to present or future legislation governing or regulating the maintenance or operation of the Plan or similar plans.
- (b) To correct any manifest error or mistake.
- (c) To enable the Company to reduce the amount of any tax or impost that would otherwise be payable by the Company in relation to the Plan.
- (d) For the purpose of enabling the Participants and holders of Options generally (but not necessarily each Participant and holder of Options) to receive a more favourable taxation treatment in respect of their participation in the Plan;

Or

- (e) To enable the Plan to comply with the Company's Constitution, the Corporations Act or the Listing Rules.

The Rules contain provisions concerning the giving of notices by Participants, the holders of Incentive Options, the Company and the Board.

Nothing in the Rules:

- (a) confers on any Participant the right to receive any Incentive Options;
- (b) confers on any Participant the right to continue as an employee or contractor of the Company or any of its subsidiaries;
- (c) affects any rights which the Company or a subsidiary may have to terminate the employment or engagement of any Participant; or
- (d) may be used to increase damages in any action brought against the Company or a subsidiary in respect of any such termination.



No person, whether an Participant, holder of Incentive Options or otherwise, has any claim, right or interest in respect of the Plan or any Incentive Options, whether against the Company or any other person, except under and in accordance with the Rules.

The Plan is governed by the laws in force in Western Australia.

The Board recommends that Shareholders vote in favour of Resolution 8. The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 8.

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## 12. **Resolution 9 – Issue of Shares under Listing Rule 7.1A**

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

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

The Company is now seeking Shareholder approval by way of a special resolution to have the ability, if required, to issue Equity Securities under the 10% Placement Facility. The number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 11.2(c) below).

The Board unanimously recommends that Shareholders vote in favour of Resolution 9.

Resolution 9 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The Chairman intends to exercise all available proxies in favour of Resolution 9.

### 12.1 **Listing Rule 7.1A**

#### (a) **Shareholder approval**

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an annual general meeting.

#### (b) **Equity Securities**

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the company.

The Company, as at the date of the Notice, has on issue Shares and unlisted options.

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

Listing Rule 7.1A.2 provides that eligible entities which have obtained Shareholder approval at an annual general meeting may issue or agree to issue,

during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

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

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

- (1) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (2) plus the number of partly paid shares that became fully paid in the 12 months;
- (3) plus the number of fully paid shares issued in the 12 months with Shareholder approval under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without Shareholder approval;
- (4) less the number of fully paid shares cancelled in the 12 months.

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

**D** is 10%

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

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

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

At the date of the Notice, the Company has on issue 298,496,893 Shares and therefore has a capacity to issue:

- (i) 44,774,534 Equity Securities under Listing Rule 7.1; and
- (ii) subject to Shareholder approval being received under Resolution 9, 29,849,689 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 12.1(c) above).

(e) **Minimum Issue Price**

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) **10% Placement Period**

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

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

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

12.2 Listing Rule 7.1A

The effect of Resolution 9 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

12.3 Specific information required by Listing Rule 7.3A

In accordance with Listing Rule 7.3A, information is provided as follows:

- (a) The Equity Securities will 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 immediately before:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 9 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of 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 the issue of the Equity Securities than on the date of the Meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

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

- (c) The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of the Notice.
- (d) The table also shows:
- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
  - (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2	Dilution			
	Number of Shares issued under 10% placement capacity	Funds raised based on issue price of \$0.07 (current price)	Funds raised based on issue price of \$0.035 (50% decrease)	Funds raised based on issue price of \$0.105 (50% increase)
<b>Current Variable A 298,496,893 Shares</b>	29,849,689	\$2,089,478	\$1,044,739	\$3,134,217
<b>50% increase in current Variable A 447,745,338 Shares</b>	44,774,534	\$3,134,217	\$1,567,109	\$4,701,326
<b>100% increase in current Variable A 596,993,784 Shares</b>	59,699,378	\$4,178,956	\$2,089,478	\$6,268,435

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- (ii) No Convertible Securities (including any Convertible Securities issued under the 10% Placement Facility) are converted into Shares before the date of the issue of the Equity Securities;
- (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.

- (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
  - (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
  - (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Convertible Securities, it is assumed that those Convertible Securities are converted into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
  - (vii) The issue price is \$0.07, being the closing price of the Shares on ASX on 2 October 2013.
- (e) The Company will only issue the Equity Securities during the 10% Placement Period. The approval under Resolution 9 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- (f) The Company may seek to issue the Equity Securities for the following purposes:
- (i) non-cash consideration in relation to costs associated with the acquisition or maintenance of exploration and mining licences. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
  - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of exploration and mining licences (which may include costs associated with due diligence and engagement of advisors in assessing new licences) and/or continued exploration on the Company's existing tenement package.
- (g) The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.
- (h) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
  - (ii) the effect of the issue of the Equity Securities on the control of the Company;
  - (iii) the financial situation and solvency of the Company; and
  - (iv) advice from corporate, financial and broking advisers (if applicable).
- (i) The allottees under the 10% Placement Facility have not been determined as at the date of the Notice but may include existing substantial Shareholders and/or new Shareholders who are not a related party or an associate of a related party of the Company.

- (j) Further, if the Company is successful in acquiring new resources assets or investments, the allottees under the 10% Placement Facility may be the vendors of the new resources assets or investments.
- (k) The Company previously obtained approval under Listing Rule 7.1A on 22 November 2012 and accordingly, in accordance with the requirements of Listing Rule 7.3A.6, the Company advises that during the 12 months preceding the date of the Meeting, the Company has issued:
- (i) 26,836,872 Shares as more fully described in paragraphs 6, 8 and 9 of this Explanatory Statement in relation to Resolutions 3, 5 and 6;
  - (ii) 4,000,000 \$0.35 Options as more fully described in paragraph 7 of this Explanatory Statement in relation to Resolution 4, with a value estimated to be approximately \$0.0978 per option calculated by applying the Black-Scholes option pricing model at the date of issue;
  - (iii) 30 Shares issued to an option holder on 16 May 2013 on the exercise of 30 options at an exercise price of \$0.60 each to raise \$18.00;
  - (iv) 2 Shares issued to an option holder on 30 July 2013 on the exercise of 2 options at an exercise price of \$0.60 each to raise \$1.20; and
  - (v) 7,400,000 unlisted \$0.12 options expiring 3 October 2018 issued to eligible participants for no cash consideration pursuant to the Company's Share Option Plan on 3 October 2013; and
  - (vi) 1 Share issued to an option holder on 4 October 2013 at an exercise price of \$0.60 to raise \$0.60.

The securities described in (i) to (vi) inclusive, amounting to a total of 38,236,905 securities, comprising 26,836,905 Shares and 11,400,000 unlisted options, represent approximately 12.13% of the total number of equity securities of the Company on issue at the commencement of the period of 12 months preceding the date of the Meeting.

The \$0.15 issue price for each of the 20,031,318 Shares described in Resolution 3 represented a discount of \$0.015 per Share to the prevailing market price of Shares as at 12 December 2012 .

The deemed issue price of \$0.0788 for each of the 3,805,554 Shares described in Resolution 5 represented a premium of approximately \$0.0058 per Share to the closing market price of Shares on 29 May 2013.

The 3,000,000 Shares issued to Ascidian Prospecting Pty Ltd as described in Resolution 6 were issued as part of the consideration due under an agreement and without a deemed issue price. Accordingly, they were not issued at a discount or premium to the prevailing market price at the date of issue (30 July 2013).

A total of \$3,004,698 was raised from the issue of Shares described in paragraph (i) and this sum was applied as follows:

<b>Item</b>	<b>Expenditure (Approximate)</b>
Exploration and evaluation on existing tenements.	\$1,115,000
Development which included DMP and Environmental approvals, plant refurbishment, wages and associated costs.	\$1,802,000
Administration costs.	\$87,698

A total of \$19.80 was raised from the issue of the Shares described in paragraphs (iii), (iv) and (vi) and this sum was used for working capital purposes.

No cash consideration was received from the issue of the unlisted options described in paragraphs (ii) and (v).

- (l) A voting exclusion statement is included in the Notice for Resolution 9.
- (m) At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

## Schedule 1 – Definitions

In the Notice and this Explanatory Statement:

**Annual General Meeting** means the Company's Meeting convened by this Notice of Meeting.

**Annual Report** means the Financial Report, Directors Report and the Auditors Report.

**Article** means an article of the Constitution.

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

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

**Board** means the board of Directors.

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

**Chair or Chairman** means the person appointed to chair the meeting of the Company convened by this Notice.

**Closely Related Party** of the Key Management Personnel means:

- (i) a spouse or child of the member;
- (ii) a child of the member's spouse;
- (iii) a dependent of the member or the member's spouse;
- (iv) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (v) a company the member controls; or
- (vi) a person prescribed by the *Corporations Regulations 2001 (Cth)*.

**Company** or **RNI** means Resource and Investment NL ABN 77 085 806 284.

**Constitution** means the Constitution of the Company as at the date of the Meeting.

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

**Directors** mean the directors 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.

**Explanatory Statement** means this explanatory statement.

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



**Key Management Personnel** has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

**Listing Rules** means the listing rules of ASX.

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

**Notice** means the Notice of Annual General Meeting which this Explanatory Statement accompanies.

**Proxy Form** means the proxy form attached to the Notice.

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's Annual Report for the year ended 30 June 2013.

**Resolution** means a resolution referred to in this Notice.

**Schedule** means a schedule to the Notice.

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

**Shareholder** means a shareholder of the Company.

**VWAP** means the volume weighted average price of all Shares traded on ASX calculated over a specified period determined by dividing the aggregate sale price for all Shares traded in that period by the total number of the Shares traded.

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

## Schedule 2 - Terms and Conditions of \$0.35 RNI Options

- (a) Definitions:
- (i) **ASX Listing Rules** means the official listing rules of ASX Limited;
  - (ii) **Company** means Resource and Investment NL (ACN 085 806 284);
  - (iii) **Corporations Act** means Corporations Act 2001 Commonwealth of Australia.
  - (iv) **Exercise Price** means the exercise price of each RNI Option, being AU\$0.35
  - (v) **Expiry Date** means 5.00pm (Perth time) on the fourth anniversary of the date of issue of the respective RNI Options.
  - (vi) **Exercise Notice** means the form prescribed by the Company from time to time for the purpose of exercising RNI Options.
  - (vii) **RNI Option** means an Option to subscribe for a Share at the Exercise Price prior to the Expiry Date in the manner set out in these Terms and Conditions.
  - (viii) **RNI Option Holder** means the person or persons registered as the holder of one or more RNI Options from time to time.
  - (ix) **Share** means a fully paid ordinary voting share in the capital of the Company.
- (b) Each RNI Option carries the right to subscribe for one Share.
- (c) Each RNI Option is unlisted and is transferable subject to any restrictions on transfer imposed by ASX.
- (d) Subject to any restrictions imposed on the exercise of Options by ASX RNI Options may be exercised by the RNI Option Holder by delivering to the Company's registered office or the Company's share registry an Exercise Notice at any time prior to the Expiry Date.
- (e) Each Exercise Notice must state the number of RNI Options to be exercised and be accompanied by the relevant holding statement(s), if any, and payment (in Australian currency) to the Company of an amount (the Application Monies) being the result of the Exercise Price multiplied by the number of RNI Options being exercised.
- (f) Following receipt of a properly executed Exercise Notice and Application Monies in respect of the exercise of any RNI Options, the Company will issue the resultant Shares and deliver notification of shareholdings.
- (g) Subject to any restrictions imposed by ASX, the Company will make application to have the Shares (issued pursuant to an exercise of RNI Options) listed for quotation by ASX within 7 days of the date of issue.
- (h) Subject to any restrictions imposed by ASX, Shares issued pursuant to an exercise of RNI Options shall rank, from the date of issue, *pari passu* with existing Shares in all respects.
- (i) RNI Options carry no right to participate in pro rata issues of securities to shareholders unless the RNI Options are exercised before the record date for determining entitlements to the relevant pro rata issue.

- (j) Each RNI Option Holder will be notified by the Company of any proposed pro rata issue of securities to shareholders in accordance with ASX Listing Rules.
- (k) In the event of a reorganisation (including reconstruction, consolidation, subdivision, reduction, or return) of the capital of the Company, the terms of the RNI Options will be changed to the extent necessary to comply with the requirements of the Corporations Act and ASX Listing Rules (in force at the time of the reorganisation).
- (l) Except as noted in paragraph (k) above, a RNI Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the RNI Option can be exercised.

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**PROXY FORM**

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

**RESOURCE AND INVESTMENT NL**

**REGISTERED OFFICE:**  
34 BAGOT ROAD  
SUBIACO WA 6008

ABN: 77 085 806 284

**SHARE REGISTRY:**  
Security Transfer Registrars Pty Ltd  
**All Correspondence to:**  
**PO BOX 535,**  
**APPLECROSS WA 6953 AUSTRALIA**  
770 Canning Highway,  
APPLECROSS WA 6153 AUSTRALIA  
T: +61 8 9315 2333 F: +61 8 9315 2233  
E: registrar@securitytransfer.com.au  
W: www.securitytransfer.com.au

Code:

Holder Number:

**SECTION A: Appointment of Proxy**

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

OR

**The meeting Chairperson**  
(mark with an "X")

**The name of the person you are appointing**  
(if this person is someone other than the Chairperson of the meeting).

or failing the person named, or if no person is named, the Chairperson 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, as the Proxy sees fit) at the Annual General Meeting of the Company to be held at 11am (WST) on Thursday 21 November 2013 at 34 Bagot Road Subiaco and at any adjournment of that meeting.

**SECTION B: Voting Directions to your Proxy**

Please mark "X" in the box to indicate your voting directions to your Proxy.

**Resolution**

- 1. Adoption of Remuneration Report
- 2. Re-Election of Thomas Mann as a Director
- 3. Ratification of Issue of Shares under Listing Rule 7.4
- 4. Ratification of Issue of Options under Listing Rule 7.4
- 5. Ratification of Issue of Shares - Horseshoe Range Gold Project
- 6. Ratification of Issue of Shares - Doolgunna Exploration Licence
- 7. Issue of Directors' Options to -
  - A Miles Kennedy
  - B Albert Thamm
  - C John Hutton
  - D Thomas Mann
- 8. Incentive Option Plan
- 9. Issue of Shares under Listing Rule 7.1A

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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**If no directions are given my proxy may vote as the proxy thinks fit or may abstain.**

\* If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

**If you wish to appoint the Chairperson as your proxy and you do not wish to direct the Chairperson how to vote, please mark "X" in the box.**

By marking this box, you acknowledge that the Chairperson may exercise your proxy even if he has an interest in the outcome of the resolutions 1 & 7A, B, C or D and votes cast by him/her other than as a proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairperson will not cast your votes on the resolutions 1 & 7A, B, C or D and your votes will not be counted in calculating the required majority if a poll is called on the resolution. The Chairperson of the Meeting intends to vote undirected proxies in favour of all resolutions.

**SECTION C: Please Sign Below**

**This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.**

Individual or Security Holder

Security Holder 2

Security Holder 3

Sole Director and Sole Company Secretary

Director

Director / Company Secretary

**Proxies must be received by Security Transfer Registrars Pty Ltd no later than 11.00am on Tuesday 19 November.**

**ONLINE PROXY SERVICE**

You can lodge your proxy online at [www.securitytransfer.com.au](http://www.securitytransfer.com.au)

- 1. Log into the Investor Centre using your holding details.
- 2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

Online Proxy ID:

