
STRATUM METALS LIMITED**ABN 90 147 867 301****NOTICE OF GENERAL MEETING**

TIME: 11.00am (AEST)
DATE: 15 April 2013
PLACE: Stratum Metals Limited
Level 7, 151 Macquarie Street
SYDNEY NSW 2000

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

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (08) 9480 0111.

CONTENTS

Notice of General Meeting (setting out the proposed Resolutions)	3
Explanatory Statement (explaining the proposed Resolutions)	7
Schedule A – Terms and conditions of Options	21
Schedule B – Terms and conditions of Options	22
Schedule C – Terms and conditions of Options	23
Schedule D – Terms and conditions of Options	24
Glossary	25
Proxy Form	

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The General Meeting of the Shareholders of Stratum Metals Limited which this Notice of Meeting relates to will be held at; 11.00am AEST on 15 April 2013 at Level 7, 151 Macquarie St, Sydney NSW 2000.

YOUR VOTE IS IMPORTANT

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

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 7.00pm AEST on 11 April 2013.

VOTING IN PERSON

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

VOTING BY PROXY

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

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

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

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be

aware of these changes to the Corporations Act, as they will apply to this General Meeting. Broadly, the changes mean that:

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

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

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

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

Transfer of non-chair proxy to chair in certain circumstances

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

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

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

NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of Shareholders of Stratum Metals Limited will be held at 11.00am AEST on 15 April 2013 at Level 7, 151 Macquarie St, Sydney NSW 2000.

The Explanatory Statement annexed to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the proxy form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders at 7.00pm AEST on 11 April 2013.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

RESOLUTION 1 – ELECTION OF MR TERRENCE GRAMMER AS A DIRECTOR

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

"That, Mr Terrence Grammer, being a Director, retires in accordance with clause 11.12 of the Constitution and, being eligible for re-election, is hereby re-elected as a Director."

RESOLUTION 2 – RATIFICATION OF PLACEMENT OF SHARES

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

"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, the Company ratifies the allotment and issue of 8,187,500 Shares at an issue price of \$0.25 and on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."

Voting Exclusion: The Company will disregard any votes cast on Resolution 2 by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 3 – RATIFICATION OF ISSUE OF SHARES - RESOURCE ASSETS PTY LTD

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

"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, the Company ratifies the allotment and issue of 2,100,000 Shares to Resource Assets Pty Ltd (or their nominee(s)) and on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting Exclusion: The Company will disregard any votes cast on Resolution 3 by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 4 – ISSUE OF SHARES - RESOURCE ASSETS PTY LTD

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

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to issue and allot 4,971,606 to Resource Assets Pty Ltd (or their nominee(s)), on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 4 by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if Resolution 4 is passed and any associate of those persons. However the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 5 – ISSUE OF SHARES AND OPTIONS - RIQO PTY LTD

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

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to issue and allot 5,749,285 Shares and 500,000 Options to the shareholders of Riqo Pty Ltd, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 5 by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if Resolution 5 is passed and any associate of those persons. However the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 6 – ISSUE OF SHARES TO ADVISORS ON MENZIES ACQUISITION

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

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to issue and allot 1,282,089 Shares, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 6 by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if Resolution 6 is passed and any associate of those persons. However the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 7 – ISSUE OF OPTIONS TO TODD AXFORD

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

“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue 600,000 Options to Todd Axford on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 7 by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if Resolution 7 is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 8 – ISSUE OF OPTIONS TO PSALT GROUP PTY LIMITED

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

“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue 250,000 Options to Psalt Group Pty Limited on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 8 by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if Resolution 8 is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 9 – ISSUE OF OPTIONS TO CONSULTANTS

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

“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue 500,000 Options to Consultants on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 9 by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if Resolution 9 is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 10 – APPROVAL OF GRANT OF OPTIONS TO MARTIN HOLLAND

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

“That, for the purposes of Listing Rule 10.11 of the ASX Listing Rules, Section 208 of the Corporations Act and for all other purposes, approval is given for the Company to allot and issue 2,000,000 Options to Martin Holland on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 10 by Martin Holland or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 11 – APPROVAL OF GRANT OF OPTIONS TO RICK ANTHON

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

“That, for the purposes of Listing Rule 10.11 of the ASX Listing Rules, Section 208 of the Corporations Act and for all other purposes, approval is given for the Company to allot and issue 1,000,000 Options to Rick Anthon on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 11 by Rick Anthon or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 12 – APPROVAL OF GRANT OF OPTIONS TO MICHAEL ADDISON

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

“That, for the purposes of Listing Rule 10.11 of the ASX Listing Rules, Section 208 of the Corporations Act and for all other purposes, approval is given for the Company to allot and issue 1,000,000 Options to Michael Addison on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 12 by Michael Addison or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 13 – APPROVAL OF GRANT OF OPTIONS TO TERENCE GRAMMER

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

“That, for the purposes of Listing Rule 10.11 of the ASX Listing Rules, Section 208 of the Corporations Act and for all other purposes, approval is given for the Company to allot and issue 1,000,000 Options to Terrence Grammer on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 13 by Terrence Grammer or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

DATED: 5 MARCH 2013**BY ORDER OF THE BOARD**

**KENT HUNTER
DIRECTOR
STRATUM METALS LIMITED**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting of Stratum Metals Limited to be held at 11:00am AEST on 15 April 2013 at Level 7, 151 Macquarie St, Sydney NSW 2000.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

1. RESOLUTION 1 – ELECTION OF MR TERRENCE GRAMMER

In accordance with Listing Rule 14.4 and Clause 11.13 of the Constitution, any Director appointed to fill a casual vacancy or as an addition to the board must not hold office (without re-election) past the next annual general meeting of the Company.

Accordingly, as Mr Terrence Grammer was appointed on 28 February 2013 pursuant to clause 11.12 of the Constitution, he now seeks re-election as a Director in accordance with clause 11.12 of the Constitution.

Mr Grammer is one of Australia's most successful prospecting geologists, with a career spanning more than 35 years in Australia, Africa, Asia and New Zealand.

Mr Grammer was joint winner of the AMEC Prospector of the Year Award in 2000 for his role in the discovery of the highly profitable Cosmos nickel deposit in 1997 – which subsequently underpinned the development of Jubilee Mines NL as a leading mid-tier Australian mining company prior to its takeover by Xstrata.

Mr Grammer is currently the Chairman of South Boulder Mines Ltd, which owns the Colluli Potash deposit in Eritrea and the recently discovered Rosie nickel sulphide deposit in joint venture with Independence Group NL. In June 2010, Mr Grammer was appointed as a non-executive director of Sirius Resources NL which recently discovered the Nickel/copper massive sulphide Nova deposit.

The Directors, other than Mr Grammer, recommend the re-election of Mr Terrence Grammer.

2. RESOLUTION 2 – RATIFICATION OF PLACEMENT OF SHARES

2.1 General

On 5 March 2013, the Company issued 8,187,500 Shares at an issue price of \$0.25 per Share to raise \$2,046,875 by way of a placement to a number of sophisticated investors.

Resolution 2 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares.

2.2 ASX Listing Rule 7.4

Under Chapter 7 of the ASX Listing Rules, there are limitations on the capacity of a company to enlarge its capital by the issue of equity securities.

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

or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.4 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1

Approval is sought under Resolution 2 to allow the Company to ratify the issue and allotment of up to 8,187,500 Shares issued in the Placement not previously approved by Shareholders pursuant to ASX Listing Rule 7.4. The reason for an approval under ASX Listing Rule 7.4 is to reinstate the Company's capacity to issue up to 15% of its issued Shares without the approval of its Shareholders in any 12 month period.

The following information is provided to Shareholders for the purposes of obtaining Shareholder approval of the share issue the subject of Resolution 2 in accordance with ASX Listing Rule 7.5:

- (a) the number of securities allotted by the Company was 8,187,500 Shares. Of these, 4,072,500 Shares were issued pursuant to ASX Listing Rule 7.1 and 4,115,000 Shares were issued pursuant to ASX Listing Rule 7.1A;
- (b) the Shares were issued and allotted on 5 March 2013;
- (c) the Shares were allotted for consideration of \$0.25 per Share;
- (d) the issued Shares are fully paid ordinary shares and rank equally with the existing Shares on issue;
- (e) the allottees of the Shares were subscribers to the Placement who are exempt from the disclosure requirements of the Corporations Act. None of the allottees is a related party of the Company; and
- (f) the Shares were issued for the purpose of raising cash in order to fund the future exploration of the tenements recently acquired by the Company in the East Menzies Goldfield in Western Australia.

2.3 Directors' Recommendation

None of the Directors has a personal interest in the subject matter of Resolution 2. The Board believes that the ratification of the Share issue the subject of Resolution 2 is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 2 as it provides the Company with the flexibility to issue further securities representing up to 15% of the Company's share capital during the next 12 months without shareholder approval.

3. RESOLUTION 3 – RATIFICATION OF SHARES ISSUED AS PART CONSIDERATION FOR TENEMENTS PROCURED BY RESOURCE ASSETS PTY LTD

3.1 General

On 16 November 2012, the Company announced that it entered into a binding heads of agreement (**Resource Assets HOA**) with the shareholders of Resource Assets Pty Ltd (ACN 097 211 044) (**Resource Assets**) to procure from various vendors their respective rights, titles and interests in the tenements the subject of the

agreement, located in the East Menzies Goldfield in Western Australia (**Resource Assets Transaction**).

Stratum recognises significant potential for self-funded exploration and development based on generating cash flow from gold resources proximal to supporting infrastructure.

Terms of the Resource Assets HOA

Consideration under the Resource Assets HOA is as follows:-

- 7,071,606 Shares in the Company ; and
- cash payments totalling of \$1,340,160.64.

On 31 January 2013, the Company paid the cash consideration and issued 2,100,000 Shares to Resources Assets Pty Ltd and its nominees, in return for Resource Assets delivering executed transfers in favour of Stratum for all of the tenements the subject of the Resource Assets HOA.

A further 4,971,606 shares are to be issued to Resource Assets, subject to obtaining the approval of the shareholders of the Company (see resolution 4).

Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 2,100,000 Shares.

Each party receiving the Shares the subject of this resolution have entered into a voluntary restriction agreement for twelve months.

3.2 ASX Listing Rule 7.4

Under Chapter 7 of the ASX Listing Rules, there are limitations on the capacity of a company to enlarge its capital by the issue of equity securities.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.4 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1

Approval is sought under Resolution 3 to allow the Company to ratify the issue and allotment of 2,100,000 Shares not previously approved by Shareholders pursuant to ASX Listing Rule 7.4. The reason for an approval under ASX Listing Rule 7.4 is to reinstate the Company's capacity to issue up to 15% of its issued Shares without the approval of its Shareholders in any 12 month period.

The following information is provided to Shareholders for the purposes of obtaining Shareholder approval of the share issue the subject of Resolution 3 in accordance with ASX Listing Rule 7.5:

- (a) the number of securities allotted by the Company was 2,100,000 Shares;
- (b) the Shares were issued and allotted on 31 January 2013;

- (c) the Shares were allotted as part consideration for the acquisition of mineral tenure ;
- (d) the issued Shares are fully paid ordinary shares and rank equally with the existing Shares on issue;
- (e) the allottees of the Shares were the vendors of tenements procured through Resource Assets under the Resource Assets HOA referred to in section 4.1 of this Explanatory Memorandum. None of the allottees is a related party of the Company; and
- (f) the Shares were issued for the purpose of acquiring the tenements the subject of the Resource Assets HOA in the East Menzies Goldfield in Western Australia.

3.3 Directors' Recommendation

None of the Directors has a personal interest in the subject matter of Resolution 3. The Board believes that the ratification of the Share issue the subject of Resolution 3 is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 3 as it provides the Company with the flexibility to issue further securities representing up to 15% of the Company's share capital during the next 12 months without shareholder approval.

4. RESOLUTION 4 – ISSUE OF SHARES AS PART CONSIDERATION FOR TENEMENTS PROCURED THROUGH RESOURCE ASSETS PTY LTD

4.1 Background

As discussed in Resolution 3 the Company has agreed to issue a further 4,971,606 Shares in the Company to Resource Assets or its nominees to finalise the Resource Assets HOA.

4.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that (subject to certain exceptions, none of which is relevant here) prior approval of Shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of shares on issue at the commencement of that 12 month period.

For the purposes of ASX Listing Rule 7.3, the following information is provided in relation to Resolution 4 to allow Shareholders to assess the proposed issue of Shares to the shareholders of Resource Assets (of their nominees(s)) (**Resource Assets Share Issue**):

- (a) the maximum number of Shares to be issued pursuant to the Resource Assets Share Issue will be 4,971,606;
- (b) the Shares and Options the subject of Resolution 4 will be issued and allotted no later than three months after the date of this Meeting or such later date as approved by ASX;
- (c) the Shares will be issued as part consideration for the acquisition of mineral tenure for nil consideration;
- (d) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

- (e) no funds will be raised for the issue of the Shares as they form part of the consideration payable for the Company's acquisition of the tenements procured through Resource Assets.
- (f) Each party receiving the Shares the subject of this resolution have entered into a voluntary restriction agreement for twelve months from 31 January 2013.

4.3 Directors' Recommendation

None of the Directors has a personal interest in the subject matter of Resolution 4. The Board believes that the approval of the Resource Assets Share Issue is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 4 as it will allow the Company to complete its acquisition of the tenement procured through Resource Assets.

5. RESOLUTION 5 – ISSUE OF SHARES AND OPTIONS AS PART CONSIDERATION FOR AN INTEREST IN RIQO PTY LTD

5.1 Background

On 16 November 2012, the Company announced that it entered into a binding heads of agreement (**Riqo HOA**) with the shareholders of Riqo Pty Ltd (ACN 153 832 967) (**Riqo**) to acquire 80% of the issued capital of Riqo (**Riqo Transaction**).

The terms of the agreement were subsequently revised whereby Menzies Goldfield Limited (the Company's 60% owned subsidiary) would acquire 80% of the issued capital of Riqo.

Riqo holds 10 prospecting licences and one mining licence in the East Menzies Goldfield region of Western Australia which the Company considers are prospective for gold and other base metals.

Terms of the Riqo HOA

Settlement of the Riqo HOA will occur, and the Company's 60% owned subsidiary, Menzies Goldfield Limited, will acquire 80% of the issued capital in Riqo, by providing Riqo's shareholders with:

- AUD\$300,000 in cash;
- 5,749,285 Shares at \$0.25 per Share in the Company; and
- 500,000 options exercisable at \$0.25 per Share.

The Company paid the final cash consideration to the Riqo shareholders on 28 February 2013.

The issue of Shares will be made following the obtaining of the approval of the Shareholders of the Company.

5.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that (subject to certain exceptions, none of which is relevant here) prior approval of Shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of shares on issue at the commencement of that 12 month period.

For the purposes of ASX Listing Rule 7.3, the following information is provided in relation to Resolution 5 to allow Shareholders to assess the proposed issue of Shares to the shareholders of Riqo (**Riqo Issue**):

- (a) the maximum number of Shares to be issued pursuant to the Riqo Issue will be 5,749,285, and the maximum number of Options to be issued is 500,000;
- (b) the Shares and Options the subject of Resolution 5 will be issued and allotted no later than three months after the date of this Meeting or such later date as approved by ASX;
- (c) the Shares will be allotted as part consideration for the acquisition of mineral tenure;
- (d) The issue price of the Options will be nil as they will be issued as part consideration of the acquisition of Riqo;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the Options will be issued on the terms and conditions set out in Schedule A; and
- (g) no funds will be raised for the issue of the Shares and Options as they form part of the consideration payable for the Menzies Goldfield Limited acquisition of 80% of the issued capital of Riqo.

5.3 Directors' Recommendation

None of the Directors has a personal interest in the subject matter of Resolution 5. The Board believes that the approval of the Riqo Issue is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 5 as it will allow the Company to complete the Menzies Goldfield Limited acquisition of an 80% interest in Riqo.

6. RESOLUTION 5 – ISSUE OF SHARES TO ADVISORS ON THE MENZIES AQUISION

6.1 General

Resolution 6 seeks Shareholder approval for the allotment and issue of 1,282,089 Shares, to be escrowed for 12 months, to parties who advised the Company on the Menzies Transaction (being the Riqo Transaction and the Resource Assets Transaction set out in Resolutions 3 and 4 of this Explanatory Memorandum, respectively) (**Advisor Issue**).

In addition to the Shares the subject of this resolution, the Advisors will also receive a cash payment totalling \$164,016.10 (exclusive of GST).

6.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that (subject to certain exceptions, none of which is relevant here) prior approval of Shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of shares on issue at the commencement of that 12 month period.

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

- (a) the maximum number of Shares to be issued is 1,282,089; ;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the Shares will be issued as part payment to the Advisors for the services they have provided to the Company;
- (d) the Shares will be allotted and issued equally (50% each) to Tracker Geoservices Pty Ltd and Dr Dennis Gee who are not related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) no funds are raised from this issue as the Shares form consideration for services in relation to the facilitation of the Menzies Transaction.

6.3 Directors' Recommendation

None of the Directors has a personal interest in the subject matter of Resolution 6. The Board recommends Shareholders vote in favour of Resolution 6 as it will enable the Company to fund its ongoing commitments.

7. RESOLUTION 7 – ISSUE OF OPTIONS TO TODD AXFORD

7.1 General

Resolution 7 seeks Shareholder approval for the allotment and issue of 600,000 Options to the Company's exploration manager, Todd Axford, in accordance with his employment agreement.

7.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that (subject to certain exceptions, none of which is relevant here) prior approval of Shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of shares on issue at the commencement of that 12 month period.

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

- (a) the maximum number of Options to be issued is 600,000;
- (b) the Options will be issued no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the Options will be issued for nil cash consideration as they form part of Todd Axford's employment agreement with the Company;

- (d) the Options will be issued to Todd Axford who is not a related party of the Company;
- (e) the Options will be issued on the terms and conditions set out in Schedule B; and
- (f) no funds will be raised from the Option Issue as the Options are being issued in accordance with Todd Axford's employment contract with the Company.

7.3 Directors' Recommendation

None of the Directors has a personal interest in the subject matter of Resolution 7. The Board recommends Shareholders vote in favour of Resolution 7 as it will reward Todd Axford for his contribution to the Company and provide an incentive for ongoing commitment.

8. RESOLUTION 8 – ISSUE OF OPTIONS TO PSALT GROUP PTY LIMITED

8.1 General

Resolution 8 seeks Shareholder approval for the allotment and issue of 250,000 Options to Psalt Group Pty Limited for consulting services provided to the Company.

8.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that (subject to certain exceptions, none of which is relevant here) prior approval of Shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of shares on issue at the commencement of that 12 month period.

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

- (a) the maximum number of Options to be issued is 250,000;
- (b) the Options will be issued no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the Options will be issued for nil cash consideration;
- (d) the Options will be issued to Psalt Group Pty Limited which is not a related party of the Company;
- (e) the Options will be issued on the terms and conditions set out in Schedule C; and
- (f) no funds will be raised from the Option Issue as the Options are being issued in lieu of cash consideration for consulting services provided to the Company.

8.3 Directors' Recommendation

None of the Directors has a personal interest in the subject matter of Resolution 8. The Board recommends Shareholders vote in favour of Resolution 8 as it will

preserve the Company's cash and provides the Company with the flexibility to issue further securities representing up to 15% of the Company's share capital during the next 12 months without shareholder approval.

9. RESOLUTION 9 – ISSUE OF OPTIONS TO CONSULTANTS

9.1 General

Resolution 9 seeks Shareholder approval for the allotment and issue of 500,000 Options to consultants for services provided to the Company.

9.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that (subject to certain exceptions, none of which is relevant here) prior approval of Shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of shares on issue at the commencement of that 12 month period.

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

- (a) the maximum number of Options to be issued is 500,000;
- (b) the Options will be issued no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the Options will be issued for nil cash consideration;
- (d) the Options will be issued to consultants who are not yet identifiable but will not be a related party of the Company;
- (e) the Options will be issued on the terms and conditions set out in Schedule D; and
- (f) no funds will be raised from the Option Issue as the Options are being issued in lieu of cash consideration for consulting services provided to the Company.

9.3 Directors' Recommendation

None of the Directors has a personal interest in the subject matter of Resolution 9. The Board recommends Shareholders vote in favour of Resolution 9 as it will preserve the Company's cash and provides the Company with the flexibility to issue further securities representing up to 15% of the Company's share capital during the next 12 months without shareholder approval.

10. RESOLUTIONS 10, 11, 12 AND 13 – APPROVAL OF GRANT OF OPTIONS TO DIRECTORS

10.1 Background to Resolutions 10, 11, 12 and 13

The Company seeks Shareholder approval for the issue of 5,000,000 Options to the Directors of the Company (**Options**), being Martin Holland, Rick Anthon, Michael Addison and (subject to the passing of Resolution 1) Terrence Grammer (**Directors**).

Martin Holland is the Managing Director of the Company, Rick Anthon the Non-Executive Chairman and Michael Addison and Mr Terrence Grammer Non-

Executive Directors.

The Options are to be issued for the purpose of aligning the interests of the Directors with those of Shareholders and to secure the ongoing commitment of the Directors to the continued growth of the Company.

The ASX Listing Rules and the Corporations Act set out a number of regulatory requirements which must be satisfied in connection with the proposed issue of Options. These are summarised below.

10.2 ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities (including an option) to a related party of the company.

If Resolutions 10, 11, 12 and 13 are passed, Options will be issued to the Directors, who are related parties of the Company. Accordingly, approval for the issue of Options is required pursuant to ASX Listing Rule 10.11.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Options to the Directors as approval is being obtained under ASX Listing Rule 10.11.

Shareholders should note that the issue of securities to the Directors will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

ASX Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting proposing an approval under ASX Listing Rule 10.11. For the purposes of ASX Listing Rule 10.13, the following information is provided in relation to Resolutions 10, 11, 12 and 13:

- (a) the maximum number of Options to be issued by the Company is:
 - (i) 2,000,000 to Martin Holland;
 - (ii) 1,000,000 to Rick Anthon;
 - (iii) 1,000,000 to Michael Addison;
 - (iv) 1,000,000 to Terrence Grammer
- (b) the Options will be issued not later than one month after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that allotment will occur on one date;
- (c) the Options will be issued for no cash consideration;
- (d) the Options will be issued on the terms set out in Schedule D of this Explanatory Statement; and

no funds will be raised from the issue of the Options as the purpose of the issue is to give the Directors an incentive to provide dedicated and ongoing services to the Company. All funds raised in the event of exercise of the Options will be applied towards working capital. However, there is no guarantee that any of the Options will be exercised at any future time.

10.3 Section 208 of the Corporations Act

For a public company to give a financial benefit to a related party of a public company, the public company must:

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

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

In the current circumstances, the issue of the Options to the Directors constitutes a "financial benefit" as defined in the Corporations Act. Further, the Directors are "related parties" of the Company as defined under the Corporations Act. Accordingly, the proposed issue of Options to the Directors will constitute the provision of a financial benefit to related parties of the Company.

It is the view of the Directors that the exceptions under the Corporations Act to the provision of a financial benefit to a related party may not apply in the current circumstances. The Directors have determined to seek Shareholder approval under Section 208 of the Corporations Act to permit the issue of the Options to the Directors.

10.4 Sections 217 to 227 of the Corporations Act

Pursuant to Sections 217 to 227 of the Corporations Act, the Company provides the following information to Shareholders in respect of the proposed financial benefit to be given to the Directors:

- (a) the related parties to whom a financial benefit will be given are Martin Holland, Rick Anthon, Michael Addison and Terrence Grammer;
- (b) the nature of the financial benefit is the issue of 5,000,000 Options. The Options will be issued for no cash consideration and will be subject to the terms set out in Schedule D of this Explanatory Statement;
- (c) the Directors make the following recommendations in relation to the proposed issue of Options to the Directors:
 - (i) the Directors (other than Martin Holland), who do not have a material personal interest in the outcome of Resolution 10, recommend that Shareholders vote in favour of Resolution 10 as they are of the view that the issue of 2,000,000 Options to Martin Holland is an appropriate form of remuneration to provide him with an incentive to maximise returns to Shareholders. The Directors (other than Martin Holland) considered Martin Holland's experience, the market price of the Shares when the resolution was passed by the Board and current market practice when determining the number and exercise price of the Options to be issued to Martin Holland. Martin Holland declined to make a recommendation in relation to Resolution 10 due to the fact that he has a personal interest in its outcome;
 - (ii) the Directors (other than Rick Anthon), who do not have a material personal interest in the outcome of Resolution 11, recommend that Shareholders vote in favour of Resolution 11 as they are of the view that the issue of 1,000,000 Options to Rick

Anthon is an appropriate form of remuneration to provide him with an incentive to maximise returns to Shareholders. The Directors (other than Rick Anthon) considered Rick Anthon's experience, the market price of the Shares when the resolution was passed by the Board and current market practice when determining the number and exercise price of the Options to be issued to Rick Anthon. Rick Anthon declined to make a recommendation in relation to Resolution 11 due to the fact that he has a personal interest in its outcome;

(iii) the Directors (other than Michael Addison), who do not have a material personal interest in the outcome of Resolution 12, recommend that Shareholders vote in favour of Resolution 12 as they are of the view that the issue of 1,000,000 Options to Michael Addison is an appropriate form of remuneration to provide him with an incentive to maximise returns to Shareholders. The Directors (other than Michael Addison) considered Michael Addison' experience, the market price of the Shares when the resolution was passed by the Board and current market practice when determining the number and exercise price of the Options to be issued to Michael Addison. Michael Addison declined to make a recommendation in relation to Resolution 12 due to the fact that he has a personal interest in its outcome;

(iv) subject to the passing of Resolution 1, the Directors (other than Terrence Grammer), who do not have a material personal interest in the outcome of Resolution 13, recommend that Shareholders vote in favour of Resolution 13 as they are of the view that the issue of 1,000,000 Options to Terrence Grammer is an appropriate form of remuneration to provide him with an incentive to maximise returns to Shareholders. The Directors (other than Terrence Grammer) considered Terrence Grammer's experience, the market price of the Shares when the resolution was passed by the Board and current market practice when determining the number and exercise price of the Options to be issued to Terrence Grammer. Terrence Grammer declined to make a recommendation in relation to Resolution 13 due to the fact that he has a personal interest in its outcome;

(d) the Directors are paid the following amounts per annum for their services to the Company:

(i) Martin Holland is currently paid \$260,000 per annum (inclusive of superannuation);

(ii) Rick Anthon is currently paid \$80,000 per annum (inclusive of superannuation);

(iii) Michael Addison is currently paid \$65,000 per annum (inclusive of superannuation); and

(iv) Terrence Grammer is currently paid \$60,000 per annum (inclusive of superannuation); and

(e) the Directors have the following relevant interests in the Shares of the Company:

(i) Martin Holland currently has an interest in 3,410,117 Shares;

- (ii) Rick Anthon currently has an interest in 450,000 Shares;
- (iii) Michael Addison currently has an interest in 300,000 Shares; and
- (iv) Terrence Grammer - nil.

Subject to completion of the Resource Assets Transaction and the Riqo Transaction, and payment of the consideration in respect of those transactions in accordance with this Notice, the Company will have 63,440,483 Shares on issue;

(f) the Directors have the following relevant interests in Options of the Company:

- (i) Martin Holland currently has an interest in 750,000 Options exercisable at \$0.25 and expiring on 7 June 2016 and 750,000 Options exercisable at \$0.35 and expiring 7 June 2016;
- (ii) Rick Anthon currently has an interest in 750,000 Options exercisable at \$0.25 and expiring on 7 June 2016 and 750,000 Options exercisable at \$0.35 and expiring 7 June 2016;
- (iii) Michael Addison currently has an interest in 750,000 Options exercisable at \$0.25 and expiring on 7 June 2016 and 750,000 Options exercisable at \$0.35 and expiring 7 June 2016; and
- (iv) Terrence Grammer - nil.

(g) if Shareholders approve the issue of Options to the Directors, and all of the Options are exercised, the effect will be to dilute the shareholding of existing Shareholders by approximately 7.88% on an undiluted basis and based on the number of Shares on issue on the assumption that all Shares are issued in respect of those transactions in accordance with this Notice. The market price for Shares during the term of the Options would normally determine whether or not the Directors exercise the Options. If, at the time any of the Options are exercised, the Shares are trading on ASX at a price that is higher than the exercise price of the Options, there may be a perceived cost to the Company. The highest, lowest and last trading price of Shares on ASX in the three months prior to this Notice of Meeting are as set out below:

	Date	Price
Highest	25 January 2013	\$0.300
Lowest	27 November 2012	\$0.120
Last	1 March 2013	\$0.295

(h) the ASIC, in reviewing documents lodged under Section 218 of the Corporations Act relating to the giving of financial benefits to related parties of public companies, requires explanatory information regarding the value of the options proposed to be granted. The value of the Options has been calculated using the Black & Scholes pricing model and is set out in section 10.5 below; and

(i) additional information in relation to Resolutions 10, 11, 12 and 13 is set out throughout this Explanatory Statement. Shareholders should therefore read the Notice and Explanatory Statement in its entirety before making a decision as to how to vote on Resolutions 10, 11, 12 and 13.

10.5 Valuation of the Options

The Options have been valued using the Black & Scholes pricing model and based upon the following assumptions:

- (a) the Options expire 3 years from the date of grant;
- (b) the exercise price of each Director Option is \$0.40;
- (c) a volatility factor of 97.2% based on the historical volatility of the Company's Share price;
- (d) a risk free interest rate of 3.0% based on the Reserve Bank of Australia Cash Rate as at 22 February 2013; and
- (e) the valuation date for the Options was 1 March 2013 and the closing Share price on that date was \$0.295.

Based on the above, the 5,000,000 Options proposed to be issued to the Directors pursuant to Resolutions 10, 11, 12 and 13 have been valued at:

- (a) \$328,400, in relation to the Options issued to Martin Holland;
- (b) \$164,200, in relation to the Options issued to Rick Anthon;
- (c) \$164,200, in relation to the Options issued to Michael Addison; and
- (d) \$164,200, in relation to the Options issued to Terrence Grammer.

SCHEDULE A – TERMS AND CONDITIONS OF OPTIONS

\$0.25 15 April 2018 Option Terms and Conditions

- (a) Each Option entitles the holder to acquire one fully paid ordinary Share in the Company.
- (b) The options have an exercise price of \$0.25 (Exercise Price) and will expire at 5.00pm WST on 15 April 2018 (Expiry Date).
- (c) The Options are exercisable at any time on or prior to the Expiry Date.
- (d) The Options may be exercised by giving notice in writing to the Company (Notice of Exercise), together with payment of the sum of twenty five cents (\$0.25) per Option exercised. The Options will lapse at 5.00pm WST on 15 April 2018. Any Notice of Exercise received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.
- (e) The Options may be transferred by an instrument (duly stamped where necessary) in the form commonly used for transfer of Options at any time until 15 April 2018. This right is subject to any restrictions on the transfer of an Option that may be imposed by ASX in circumstances where the Company is listed on ASX.
- (f) Optionholders shall be permitted to participate in new issues of securities on the prior exercise of options in which case the Optionholders shall be afforded the period of at least nine (9) business days prior to and inclusive of the record date (to determine entitlements to the issue) to exercise the Option.
- (g) Shares issued on the exercise of Options will be issued not more than fourteen (14) days after receipt of a properly executed exercise notice and application moneys. Shares allotted pursuant to the exercise of an Option will rank equally with the then issued ordinary shares of the Company in all respects. If the Company is listed on ASX it will, pursuant to the exercise of an Option, apply to ASX for Quotation of the Shares issued as a result of the exercise, in accordance with the Corporations Act and the Listing Rules.
- (h) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital at the time of the reconstruction.
- (i) If there is a bonus issue to shareholders, the number of shares over which the Option is exercisable may be increased by the number of shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
- (j) In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Options may be reduced in accordance with Listing Rule 6.22.2.
- (k) Payment of the Exercise Price shall be in Australian currency made payable to the Company by electronic funds transfer or other means of payment acceptable to the Company. The application for shares on exercise of the Options with the appropriate remittance should be lodged with the Company in the manner provided in the Option certificate.

SCHEDULE B – TERMS AND CONDITIONS OF OPTIONS

\$0.25 23 January 2017 Option Terms and Conditions

- (a) Each Option entitles the holder to acquire one fully paid ordinary Share in the Company.
- (b) The options have an exercise price of \$0.25 (Exercise Price) and will expire at 5.00pm WST on 23 January 2017 (Expiry Date).
- (c) The Options are exercisable at any time on or prior to the Expiry Date.
- (d) The Options may be exercised by giving notice in writing to the Company (Notice of Exercise), together with payment of the sum of twenty five cents (\$0.25) per Option exercised. The Options will lapse at 5.00pm WST on 23 January 2017. Any Notice of Exercise received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.
- (e) The Options may be transferred by an instrument (duly stamped where necessary) in the form commonly used for transfer of Options at any time until 23 January 2017. This right is subject to any restrictions on the transfer of an Option that may be imposed by ASX in circumstances where the Company is listed on ASX.
- (f) Optionholders shall be permitted to participate in new issues of securities on the prior exercise of options in which case the Optionholders shall be afforded the period of at least nine (9) business days prior to and inclusive of the record date (to determine entitlements to the issue) to exercise the Option.
- (g) Shares issued on the exercise of Options will be issued not more than fourteen (14) days after receipt of a properly executed exercise notice and application moneys. Shares allotted pursuant to the exercise of an Option will rank equally with the then issued ordinary shares of the Company in all respects. If the Company is listed on ASX it will, pursuant to the exercise of an Option, apply to ASX for Quotation of the Shares issued as a result of the exercise, in accordance with the Corporations Act and the Listing Rules.
- (h) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital at the time of the reconstruction.
- (i) If there is a bonus issue to shareholders, the number of shares over which the Option is exercisable may be increased by the number of shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
- (j) In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Options may be reduced in accordance with Listing Rule 6.22.2.
- (k) Payment of the Exercise Price shall be in Australian currency made payable to the Company by electronic funds transfer or other means of payment acceptable to the Company. The application for shares on exercise of the Options with the appropriate remittance should be lodged with the Company in the manner provided in the Option certificate.

SCHEDULE C – TERMS AND CONDITIONS OF OPTIONS

\$0.25 15 April 2016 Option Terms and Conditions

- (a) Each Option entitles the holder to acquire one fully paid ordinary Share in the Company.
- (b) The options have an exercise price of \$0.25 (Exercise Price) and will expire at 5.00pm WST on 15 April 2016 (Expiry Date).
- (c) The Options are exercisable at any time on or prior to the Expiry Date.
- (d) The Options may be exercised by giving notice in writing to the Company (Notice of Exercise), together with payment of the sum of twenty five cents (\$0.25) per Option exercised. The Options will lapse at 5.00pm WST on 15 April 2016. Any Notice of Exercise received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.
- (e) The Options may be transferred by an instrument (duly stamped where necessary) in the form commonly used for transfer of Options at any time until 15 April 2016. This right is subject to any restrictions on the transfer of an Option that may be imposed by ASX in circumstances where the Company is listed on ASX.
- (f) Optionholders shall be permitted to participate in new issues of securities on the prior exercise of options in which case the Optionholders shall be afforded the period of at least nine (9) business days prior to and inclusive of the record date (to determine entitlements to the issue) to exercise the Option.
- (g) Shares issued on the exercise of Options will be issued not more than fourteen (14) days after receipt of a properly executed exercise notice and application moneys. Shares allotted pursuant to the exercise of an Option will rank equally with the then issued ordinary shares of the Company in all respects. If the Company is listed on ASX it will, pursuant to the exercise of an Option, apply to ASX for Quotation of the Shares issued as a result of the exercise, in accordance with the Corporations Act and the Listing Rules.
- (h) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital at the time of the reconstruction.
- (i) If there is a bonus issue to shareholders, the number of shares over which the Option is exercisable may be increased by the number of shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
- (j) In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Options may be reduced in accordance with Listing Rule 6.22.2.
- (k) Payment of the Exercise Price shall be in Australian currency made payable to the Company by electronic funds transfer or other means of payment acceptable to the Company. The application for shares on exercise of the Options with the appropriate remittance should be lodged with the Company in the manner provided in the Option certificate.

SCHEDULE D - TERMS AND CONDITION OF OPTIONS

\$0.40 15 April 2016 Option Terms and Conditions

- (a) Each Director Option entitles the holder to acquire one fully paid ordinary share in the Company (**Share**).
- (b) No cash consideration is payable for the issue of the Options.
- (c) Each Director Option has an exercise price of \$0.40 (**Exercise Price**).
- (d) The Options may be exercised, in whole or in part parcels, at any time until 3 years from the date of grant. The Options vest immediately upon being granted. Each Director Option may be exercised by forwarding to the Company at its principal office a duly completed exercise notice, together with payment of the Exercise Price for each Director Option exercised. The Options will lapse at 5.00pm WST on the date of expiration, being 3 years from the date of grant.
- (e) The Options are not transferable.
- (f) The Options shall not entitle the holder to participate in new issues of securities. However, the holder shall be given notice of any proposed pro rata issue to be made available to shareholders at least nine (9) business days prior to and inclusive of the record date of that issue (to determine entitlements to the issue) to enable them to exercise the Options in order to participate in the issue.
- (g) Shares issued on the exercise of Options will be issued not more than fourteen (14) days after receipt of a properly executed exercise notice and application moneys. Shares allotted pursuant to the exercise of a Director Option will rank equally with the then issued ordinary shares of the Company in all respects. The Company will, pursuant to the exercise of a Director Option, apply to ASX for Quotation of the Shares issued as a result of the exercise, in accordance with the Corporations Act and the Listing Rules.
- (h) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital at the time of the reconstruction.
- (i) If there is a bonus issue to shareholders, the number of Shares over which the Director Option is exercisable will be increased by the number of Shares which the holder of the Director Option would have received if the Director Option had been exercised before the record date for the bonus issue.
- (j) In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Options will be reduced in accordance with Listing Rule 6.22.
- (k) Payment of the Exercise Price shall be in Australian currency made payable to the Company by electronic funds transfer or other means of payment acceptable to the Company. The application for shares on exercise of the Options with the appropriate remittance should be lodged with the Company in the manner provided in the Option certificate.

GLOSSARY

In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

AEST means Australian Eastern Standard Time.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 724 791).

ASX Listing Rules or **Listing Rules** means the official Listing Rules of ASX.

Board means the Board of Directors of the Company.

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

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

Company or **Stratum** means Stratum Metals Limited (ACN 147 867 301).

Constitution means the Company's constitution.

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

Directors mean the current directors of the Company.

Equity Securities has the meaning given in the Listing Rules.

EST means Eastern Standard Time.

Explanatory Statement means the explanatory statement to this Notice.

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.

Meeting means the meeting convened by the Notice.

Notice means the notice of meeting accompanying this Explanatory Statement.

Option means an option to acquire a Share.

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

Shareholder means a shareholder of the Company.

Sophisticated Investor means an investor as defined in Section 708(8) of the Corporations Act.

VWAP means the volume weighted average price of the Shares.