



DESERT MINES AND METALS LIMITED

ABN 56 123 102 974

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# **Desert Mines and Metals Limited**

ABN 56 123 102 974

## Notice of General Meeting

**TIME:** 11.00 am  
**DATE:** 20th August 2014  
**PLACE:** Suite 2, Level 2, 20 Kings Park Road, West Perth,  
Western Australia

*This Notice of General Meeting should be read in its entirety. If Shareholders are in any doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional advisor prior to voting. Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary, Mr Eric Moore, on +61 8 6143 1840*



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## Notice of Meeting to Shareholders

The General Meeting of Shareholders in Desert Mines and Metals Limited (**Desert or the Company**) will be held at Suite 2, Level 2, 20 Kings Park Road, West Perth, Western Australia on Wednesday 20<sup>th</sup> August 2014 at 11.00 am (WST).

The Explanatory Memorandum that accompanies and forms part of this Notice of Meeting describes in more detail the matters to be considered.

Please note terms capitalised in this Notice of Meeting have the same meaning as set out in Schedule 1 of the Explanatory Memorandum accompanying this Notice of Meeting.

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### 1. Resolution 1- Approve Change of Name

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

*"That, for the purposes of section 157(1)(a) of the Corporations Act, and for all other purposes, the name of the Company be changed from Desert Mines and Metals Limited to Peninsula Mines Limited."*

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### 2. Resolution 2 – Approval to issue Shares under the Director and Employee Remuneration Sacrifice Share Plan

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

*"That, for the purposes of Listing Rule 7.2 Exception 9 and for all other purposes, Shareholders approve the issue of Shares to participants under the Desert Director and Employee Remuneration Sacrifice Share Plan, on the terms and conditions and in the manner set out in the Explanatory Memorandum."*

#### Voting Exclusion

The Company will disregard any votes cast on this Resolution by any Director, except one who is ineligible to participate in any employee incentive scheme in relation to the Company, as set out in the Explanatory Memorandum, and any associate 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 a person as chair of the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides. In addition, the Company will disregard votes on this Resolution cast by a member of the Key Management Personnel (or any of their closely related parties), as proxy, where the appointment does not specify the way the proxy is to vote, unless the proxy is the chair of the meeting and has been expressly authorised to vote on behalf of someone entitled to vote on this Resolution, even though it is connected with the remuneration of Key Management Personnel.

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### 3. Resolution 3 – Approval to permit the participation in the Director and Employee Remuneration Sacrifice Share Plan by a related party - Chris Rashleigh Mining Pty. Limited

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

*"That, for the purposes of Listing Rule 10.14 and for all other purposes, the Company is authorised to issue Shares to Chris Rashleigh Mining Pty. Limited, a company associated with Director Mr Chris Rashleigh, under the Director and Employee Remuneration Sacrifice Share Plan, on the terms and conditions and in the manner set out in the Explanatory Memorandum."*

#### Voting Exclusion

The Company will disregard any votes cast on this Resolution by any Director, except one who is ineligible to participate in any employee incentive scheme in relation to the Company, as set out in the Explanatory Memorandum, and any associate 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 a person as chair of the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides. In addition, the Company will disregard votes on this Resolution cast by a member of the Key Management Personnel (or any of their closely related parties), as proxy, where the appointment does not specify the way the proxy is to vote, unless the proxy is the chair of the meeting and has been expressly authorised to vote on behalf of someone entitled to vote on this Resolution, even though it is connected with the remuneration of Key Management Personnel.

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#### **4. Resolution 4 - Approval to permit the participation in the Director and Employee Remuneration Sacrifice Share Plan by a related party – Holihox Pty Ltd**

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

*“That, for the purposes of Listing Rule 10.14 and for all other purposes, the Company is authorised to issue Shares to Holihox Pty Ltd, a company associated with Director Mr Phillip Jackson, under the Director and Employee Remuneration Sacrifice Share Plan, on the terms and conditions and in the manner set out in the Explanatory Memorandum.”*

##### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by any Director, except one who is ineligible to participate in any employee incentive scheme in relation to the Company, as set out in the Explanatory Memorandum, and any associate 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 a person as chair of the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides. In addition, the Company will disregard votes on this Resolution cast by a member of the Key Management Personnel (or any of their closely related parties), as proxy, where the appointment does not specify the way the proxy is to vote, unless the proxy is the chair of the meeting and has been expressly authorised to vote on behalf of someone entitled to vote on this Resolution, even though it is connected with the remuneration of Key Management Personnel.

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#### **5. Resolution 5 - Approval to permit the participation in the Director and Employee Remuneration Sacrifice Share Plan by a related party – Whitby (2009) Pty Ltd**

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

*“That, for the purposes of Listing Rule 10.14 and for all other purposes, the Company is authorised to issue Shares to Whitby (2009) Pty Ltd, a company associated with Director Mr Martin Pyle, under the Director and Employee Remuneration Sacrifice Share Plan, on the terms and conditions and in the manner set out in the Explanatory Memorandum.”*

##### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by any Director, except one who is ineligible to participate in any employee incentive scheme in relation to the Company, as set out in the Explanatory Memorandum, and any associate 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 a person as chair of the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides. In addition, the Company will disregard votes on this Resolution cast by a member of the Key Management Personnel (or any of their closely related parties), as proxy, where the appointment does not specify the way the proxy is to vote, unless the proxy is the chair of the meeting and has been expressly authorised to vote on behalf of someone entitled to vote on this Resolution, even though it is connected with the remuneration of Key Management Personnel.

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#### **6. Resolution 6 - Approval to permit the participation in the Director and Employee Remuneration Sacrifice Share Plan by a related party – Emchon Pty Ltd**

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

*“That, for the purposes of Listing Rule 10.14 and for all other purposes, the Company is authorised to issue Shares to Emchon Pty Ltd, a company associated with Director Mr Sang Hong, under the Director and Employee Remuneration Sacrifice Share Plan, on the terms and conditions and in the manner set out in the Explanatory Memorandum.”*

##### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by any Director, except one who is ineligible to participate in any employee incentive scheme in relation to the Company, as set out in the Explanatory Memorandum, and any associate 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 a person as chair of the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides. In addition, the Company will disregard votes on this Resolution cast by a member of the Key Management Personnel (or any of their closely related parties), as proxy, where the appointment does not specify the way the proxy is to vote, unless the proxy is the chair of the meeting and has been expressly authorised to vote on behalf of someone entitled to vote on this Resolution, even though it is connected with the remuneration of Key Management Personnel.

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## **7. Resolution 7 – Issue of Shares as compensation for fees foregone between 1 December 2013 and 30 June 2014 to related party – Chris Rashleigh Mining Pty. Limited**

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 and for all other purposes, approval is given for the Company to issue up to 1,631,702 Shares to Chris Rashleigh Mining Pty. Limited, a company associated with Director Mr Chris Rashleigh, on the terms and conditions set out in the Explanatory Memorandum.”*

### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by Chris Rashleigh Mining Pty. Limited and any of its 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. In addition, the Company will disregard votes on this Resolution cast by a member of the Key Management Personnel (or any of their closely related parties), as proxy, where the appointment does not specify the way the proxy is to vote, unless the proxy is the chair of the meeting and has been expressly authorised to vote on behalf of someone entitled to vote on this Resolution, even though it is connected with the remuneration of Key Management Personnel.

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## **8. Resolution 8 – Issue of Shares as compensation for fees foregone between 1 December 2013 and 30 June 2014 to related party – Holihox Pty Ltd**

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 and for all other purposes, approval is given for the Company to issue up to 488,491 Shares to Holihox Pty Ltd, a company associated with Director Mr Phillip Jackson, on the terms and conditions set out in the Explanatory Memorandum.”*

### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by Holihox Pty Ltd and any of its 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. In addition, the Company will disregard votes on this Resolution cast by a member of the Key Management Personnel (or any of their closely related parties), as proxy, where the appointment does not specify the way the proxy is to vote, unless the proxy is the chair of the meeting and has been expressly authorised to vote on behalf of someone entitled to vote on this Resolution, even though it is connected with the remuneration of Key Management Personnel.

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## **9. Resolution 9 – Issue of Shares as compensation for fees foregone between 1 December 2013 and 30 June 2014 to related party – Whitby (2009) Pty Ltd**

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 and for all other purposes, approval is given for the Company to issue up to 420,503 Shares to Whitby (2009) Pty Ltd, a company associated with Director Mr Martin Pyle, on the terms and conditions set out in the Explanatory Memorandum.”*

#### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by Whitby (2009) Pty Ltd and any of its 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. In addition, the Company will disregard votes on this Resolution cast by a member of the Key Management Personnel (or any of their closely related parties), as proxy, where the appointment does not specify the way the proxy is to vote, unless the proxy is the chair of the meeting and has been expressly authorised to vote on behalf of someone entitled to vote on this Resolution, even though it is connected with the remuneration of Key Management Personnel.

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### **10. Resolution 10 – Issue of Shares as compensation for fees foregone between 1 December 2013 and 30 June 2014 to related party – Emchon Pty Ltd**

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 and for all other purposes, approval is given for the Company to issue up to 425,942 Shares to Emchon Pty Ltd, a company associated with Director Mr Sang Hong, on the terms and conditions set out in the Explanatory Memorandum.”*

#### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by Emchon Pty Ltd and any of its 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. In addition, the Company will disregard votes on this Resolution cast by a member of the Key Management Personnel (or any of their closely related parties), as proxy, where the appointment does not specify the way the proxy is to vote, unless the proxy is the chair of the meeting and has been expressly authorised to vote on behalf of someone entitled to vote on this Resolution, even though it is connected with the remuneration of Key Management Personnel.

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### **11. Resolution 11 – Issue of Shares as compensation for fees foregone between 1 December 2013 and 30 June 2014 to Daniel Noonan**

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 7.1 and for all other purposes, approval is given for the Company to issue up to 2,447,552 Shares to the Company’s Exploration Manager Mr Daniel Noonan on the terms and conditions set out in the Explanatory Memorandum.”*

#### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by Mr Daniel Noonan and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides. In addition, the Company will disregard votes on this Resolution cast by a member of the Key Management Personnel (or any of their closely related parties), as proxy, where the appointment does not specify the way the proxy is to vote, unless the proxy is the chair of the meeting and has been expressly authorised to vote on behalf of someone entitled to vote on this Resolution, even though it is connected with the remuneration of Key Management Personnel.

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### **12. Resolution 12 – Issue of Shares as compensation for fees foregone between 1 December 2013 and 30 June 2014 to Golden Kilometre Mines Pty Ltd**

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 7.1 and for all other purposes, approval is given for the Company to issue up to 533,702 Shares to Golden Kilometre Mines Pty Ltd, a company associated with the Company Secretary of the Company Mr Eric Moore, on the terms and conditions set out in the Explanatory Memorandum.”*

#### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by Golden Kilometre Mines Pty Ltd and any of its 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. In addition, the Company will disregard votes on this Resolution cast by a member of the Key Management Personnel (or any of their closely related parties), as proxy, where the appointment does not specify the way the proxy is to vote, unless the proxy is the chair of the meeting and has been expressly authorised to vote on behalf of someone entitled to vote on this Resolution, even though it is connected with the remuneration of Key Management Personnel.

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### **13. Resolution 13 – Issue of Shares as compensation for fees foregone between 1 December 2013 and 30 June 2014 to Adelphi Resources Pty Ltd**

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 7.1 and for all other purposes, approval is given for the Company to issue up to 539,707 Shares to Adelphi Resources Pty Ltd, a company associated with the Company’s Group Accountant Mr Bruce Waddell, on the terms and conditions set out in the Explanatory Memorandum.”*

#### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by Adelphi Resources Pty Ltd and any of its 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.

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**BY ORDER OF THE BOARD**



**E G MOORE  
COMPANY SECRETARY  
DATED: 17 July 2014**

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## Information for voting shareholders

### Voting Entitlements

For the purpose of determining a person's entitlement to vote at the General Meeting, and in accordance with regulation 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth), the Board has determined that a person's entitlement to vote at the General Meeting will be the entitlement of that person set out in the register of Shareholders as at **5.00 pm (WST) on 18th August 2014**.

On a poll, Shareholders have one vote for every Share held.

### How to vote

Shareholders can vote by either:

- attending the meeting and voting in person or by attorney or, in the case of corporate Shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the proxy form accompanying this Notice of Meeting and by submitting their proxy appointment and voting instructions in person, by post, by fax or as an email attachment.

### Voting in person (or by attorney)

Shareholders, or their attorneys, who plan to attend the meeting are asked to arrive at the venue 15 minutes prior to the time designated for the meeting, if possible, so that their holding may be checked against the Company's share register and attendance recorded. Attorneys should bring with them an original or certified copy of the power of attorney under which they have been authorised to attend and vote at the meeting.

### Voting by proxy

In accordance with section 249L of the Corporations Act, members (i.e. Shareholders) 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.

Each proxy will have the right to vote on a poll and also to speak at the meeting.

The proxy can be either an individual or a body corporate.

The proxy form must be signed by the Shareholder or his/her attorney duly authorised in writing or, if the Shareholder is a corporation, in a manner permitted by the Corporations Act. A proxy given by a foreign corporation must be executed in accordance with its constituent documents and the laws of that corporation's place of incorporation. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the power of attorney, or the power itself, must be received by the Company at the above address, or by facsimile, or as an email attachment and by no later than 48 hours prior to the Meeting. If facsimile transmission or email together with an attachment is used, the power of attorney must be certified.

### Directed Proxies

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 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.

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).

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

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

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

A proxy form is attached to this Notice of Meeting.

### **Undirected Proxies**

If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit subject to any restrictions at law or under the Listing Rules.

Should any resolution, other than those specified in this Notice of Meeting, be proposed at the General Meeting, a proxy may vote on that resolution as they think fit subject to any restrictions at law or under the Listing Rules.

If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the Shareholder's behalf on a poll called in relation to a Resolution and the Shares that are the subject of the proxy appointment will not be counted in calculating the required majority.

Shareholders who return their proxy forms with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chair of the Meeting as their proxy to vote on their behalf. If a proxy form is returned but the nominated proxy does not attend the meeting, the Chair of the Meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chair of the Meeting, the secretary or any Director that do not contain a direction how to vote will be used where possible to support each of the Resolutions proposed in this Notice, provided they are entitled to cast votes as a proxy under the voting prohibition or exclusion laws or rules which apply to some of the proposed Resolutions (if any). These laws and rules (if any) are explained in this Notice.

Please note that the proxy form provides a box for Shareholders to check if they wish to authorise the Chair to vote any undirected proxies in relation to any resolution connected directly or indirectly with the remuneration of a member of a Key Management Personnel for the Company. If you do not wish to so authorise the Chair and therefore do not check the box, your votes may not be cast.

### **Corporate Representatives**

Any corporation which is a Shareholder may authorise (by certificate under common seal or other form of execution authorised by the laws of that corporation's place of incorporation, or in any other manner satisfactory to the Chair of the General Meeting) a natural person to act as its representative at the General Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment, including any authority under which it is signed.

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## **Explanatory Memorandum**

### **Introduction**

This Explanatory Memorandum has been prepared for the information of Shareholders of Desert Mines and Metals Limited (**Desert or the Company**) in relation to business to be conducted at the General Meeting to be held at Suite 2, Level 2, 20 Kings Park Road, West Perth Western Australia at 11.00 am on Wednesday 20th August 2014.

### **Purpose of Explanatory Memorandum**

The purpose of this Explanatory Memorandum is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice of Meeting.

This Explanatory Memorandum does not take into account the individual investment objectives, financial situation and needs of individual Shareholders or any other person. Accordingly, it should not be relied on solely in determining how to vote on the Resolutions and Shareholders should seek their own financial or legal advice.

### **Notice to persons outside of Australia**

This Explanatory Memorandum has been prepared in accordance with the Corporations Act and the Listing Rules, disclosure requirements and Accounting Standards. These laws, disclosure requirements and accounting standards may be different to those in other countries.

### **Disclaimer**

No person is authorised to give any information or make any representation in connection with the proposed transactions which is not contained in this Explanatory Memorandum. Any information which is not contained in this Explanatory Memorandum may not be relied on as having been authorised by Desert or the Board in connection with the proposed transactions.

### **Responsibility for information**

The information contained in this Explanatory Memorandum has been prepared by Desert and is the responsibility of Desert.

### **ASX**

A copy of the Notice of Meeting and Explanatory Memorandum has been lodged with ASX pursuant to the Listing Rules. Neither ASX nor any of its officers take any responsibility for the contents of the Notice and Explanatory Memorandum.

### **Definitions**

Many capitalised terms used in this Explanatory Memorandum are defined in the Glossary in Schedule 1.

### **Enquiries**

All enquiries in relation to the contents of the Notice of Meeting or Explanatory Memorandum should be directed to the Company's Company Secretary, Mr Eric Moore, telephone: +61 8 6143 1840.

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## 1. Resolution 1- Change of Company Name

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name.

Resolution 1 seeks the approval of Shareholders for the Company to change its name to Peninsula Mines Limited.

Following the successful acquisition of Korean Resources Pty Ltd in late May 2013 (announced to ASX by the Company on 3 June 2013), and the Company's increased focus on activities in South Korea, the Directors consider that the change of name for the Company is appropriate to recognise that shift in focus. As such, the Board proposes this change of name on the basis that it more accurately reflects the current and proposed future operations of the Company.

The proposed name has been reserved by the Company and if Resolution 1 is passed, the Company will lodge a copy of the special resolution with ASIC following the Meeting in order to effect the change. The change of name will be effective on the date that ASIC alters details of the Company's registration.

The change of name for the Company will not, in itself, affect the legal status of the Company or any of its assets or liabilities.

Resolution 1 is a **special resolution** and requires 75% or more of the votes to be cast by Shareholders casted in favour of the Resolution in order for the Resolution to be passed.

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## 2. Background to Resolutions 2 to 13

On 1 December 2013 each of the personnel of the Company listed below (or the relevant company that contracts with the Company to procure the services of the relevant person) agreed to sacrifice 30% of their annual fees:

- (a) Mr Philip Jackson (Non-Executive Director);
- (b) Mr Chris Rashleigh (Managing Director);
- (c) Mr Martin Pyle (Non-Executive Director);
- (d) Mr Sang Hong (Non-Executive Director);
- (e) Mr Eric Moore (General Manager/Company Secretary);
- (f) Mr Daniel Noonan (Exploration Manager); and
- (g) Mr Bruce Waddell (Company's Group Accountant).

The sacrifice of fees has been continuing since 1 December 2013 and is continuing as at the date of this Notice of Meeting.

The sacrifice enabled and enables the Company to redirect those funds towards general working capital purposes.

Resolutions 7 to 10 seek Shareholder approval to issue Shares to companies associated with the Directors (that contract with the Company to procure the relevant Director to provide its services as a Director to the Company) for the fees foregone by those companies in the period from 1 December 2013 until 30 June 2014 on the terms and conditions set out in Section 5 of the Explanatory Statement.

Resolutions 11 to 13 seek Shareholder approval to issue Shares to the Company's Exploration Manager Mr Daniel Noonan and companies associated with the Company's General Manager and Company Secretary Mr Eric Moore and the Company's Group Accountant Mr Bruce Waddell (that contract with the Company to procure the relevant person to provide the relevant services to the Company) for the fees foregone by Mr Noonan and those companies in the period from 1 December 2013 until 30 June 2014 on the terms and conditions set out in Section 6 Explanatory Statement. Post 1 July 2014, such parties will participate in the Plan (discussed below) for fees sacrificed after that date.

The Company has adopted an employee incentive scheme entitled Director and Employee Remuneration Sacrifice Share Plan (**Plan**) under which the Company's Directors, employees and consultants (including companies that provide consulting services) whether full time or part time (**Eligible Participants**) can sacrifice up to 30% of their annual fees and be issued Shares in lieu thereof. It is anticipated that any sacrifice of fees by Eligible Participants will occur under the Plan (subject to obtaining any relevant Shareholder approvals necessary to operate the Plan or issue Shares under the Plan).

Resolutions 3 to 6 seek Shareholder approval to issue Shares to companies associated with the Directors (that contract with the Company to procure the relevant Director to provide their services as a Director to the Company) under the Plan for fees to be foregone for up to a 3 year period from the date of the Meeting on the terms and conditions set out in Section 4 of the Explanatory Statement.

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### **3. Resolution 2 - Approval of the issue of Shares under the Director and Employee Remuneration Sacrifice Share Plan**

#### **3.1 General**

Resolution 2 seeks Shareholders approval for the issue by the Company of Shares under the employee incentive scheme entitled Director and Employee Remuneration Sacrifice Share Plan (**Plan**) in accordance with Listing Rule 7.2 (Exception 9(b)), which will enable the Company to issue Shares to participants under the Plan for a period of up to 3 years from the date of the Meeting as an exception to ASX Listing Rule 7.1 (discussed below).

The Board considers that the issue of Shares to Eligible Participants in lieu for part of cash payments for Directors fees, wages or consulting fees is reasonable in the circumstances given the necessity to conserve cash reserves. As a result, the Board has recently established and adopted the Plan under which Eligible Participants who are eligible to be offered shares without prospectus disclosure may elect to sacrifice part of their directors' fees, wages or consulting fees and as a result be issued Shares in the Company in accordance with the Plan. The remainder of the Directors fees or consulting fees will be paid in cash. Shares issued under the Plan will be issued for nil consideration, and no cash raised as a result of the issue.

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. Listing Rule 7.2 (Exception 9(b)) sets out an exception to Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to Listing Rule 7.1.

If Resolution 2 is passed, the Company will be able to issue Shares under the Plan over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

Shareholders should note that no Shares have previously been issued under the Plan.

The objective of the Plan is to attract, retain and motivate key personnel, including directors and senior management, while at the same time, conserving the Company's cash reserves.

It is proposed that (subject to any necessary Shareholder approvals), present and future Directors, senior managers, and companies engaged to procure the services of Directors and senior managers, may, at the Board's discretion, be offered the opportunity to participate in the Plan and be able to elect to sacrifice part of their fees to acquire Shares under the Plan.

A summary of the key terms and conditions of the Plan is set out in section 3.2. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary, Mr Eric Moore, on (+61) 8 6143 1840. Shareholders are invited to contact the Company if they have any queries.

## **3.2 Principal terms of the Plan**

### **3.2.1 Participants**

Participation in the Plan is voluntary and is by invitation from the Board at the Board's discretion.

Directors, employees and consultants (including companies that provide consulting services) of the Company or a subsidiary whether full time or part time are eligible to participate in the Plan and to be provided with invitations to participate in the Plan. In the event that a person becomes a participant under the Plan, participation at the salary sacrifice percentage level set out in the relevant invitation is mandatory for 12 months.

There are currently 4 Directors of the Company, namely Christopher Rashleigh (Managing Director), Phillip Jackson (Non-Executive Chairman), Martin Pyle (Non-Executive Director) and Sang Hong (Non-Executive Director). The Company contracts with third party companies associated with each Director to procure the Directors to provide their services as a Director to the Company. Each Director and each such associated company are eligible to participate in the Plan.

Where a participant in the Plan ceases to be a Director, employee or consultant of the Company, the participant ceases to be eligible to participate in the Plan. Any accrued but unissued Shares can be issued or paid out in the cash at the Board's discretion.

### **3.2.2 Commencement**

The terms of the Plan commenced on 1 July 2014.

### **3.2.3 Minimum and Maximum Participation**

The Board must determine the amount of fees to be sacrificed by participants at the time of providing an invitation to a proposed participant, which amount must not exceed 30% of their annual fees.

The Plan restricts Shares being issued under the Plan if the issue would result in the Company issuing more than 10% of its fully paid ordinary shares in any 5 year period when aggregating the total number of Shares issued by the Company under an employee incentive scheme (including Shares issued under the Plan).

The Plan does not extend to any amounts payable by the Company to the participant in respect of goods and services tax. Such payments must be made in cash to the participant.

### **3.2.4 Timing of Acquisition and Number of Shares**

Entitlement to Shares will accrue on a monthly basis. The number of Shares to be issued to a participant will be calculated monthly in arrears in accordance with the following formula:

$$TS = \frac{DVoR}{VWAP}$$

where:

**TS** means the total Shares that may be issued to the participant for the relevant month;

**DVoR** means the dollar value of the fees sacrificed by the participant in the relevant month; and

**VWAP** means the volume weighted average price for Shares trading on the ASX for the last 5 trading days of the month in which the Shares accrued.

Issue of accrued Shares will be at 3 monthly intervals. If because of a relevant law or the Company's Trading Policy, any Shares cannot be issued at the end of a 3 monthly interval, such Shares will be issued as soon as such an issue can be made in compliance with all relevant laws and the Trading Policy.

At any issue date, the Company may elect to pay the participant in cash rather than issue Shares.

### **3.2.5 Share acquisitions**

Participants in the Plan receiving Shares will receive fully paid ordinary shares in the capital of the Company that rank equally in all respects with other issued fully paid shares in the Company.

### **3.2.6 No restrictions**

There will be no restriction or escrow period applicable to Shares issued under the Plan. However, Shares will only be issued in compliance with the Company's Trading Policy and applicable laws.

### **3.2.7 Acquisition costs**

It is not anticipated that there will be any acquisition costs to participants to acquire Shares under the Plan other than the fees sacrificed and any taxation implications of being a participant in the Plan. There will be no loan made available to participants in relation to the acquisition of Shares under the Plan.

If Shares are not able to be allocated to a participant because of legal impediments at the timing, the issue of Shares may be delayed or alternatively, at the Board's discretion, be paid in cash.

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## **4. Resolutions 3 to 6 – Approval of issue of Shares to related parties under Director and Employee Remuneration Sacrifice Share Plan**

### **4.1 General**

The Company has agreed to issue Shares under the Plan in lieu of sacrificed fees to the following related parties of the Company:

- (a) Chris Rashleigh Mining Pty. Limited, a company which has contracted with the Company to procure Director Mr Chris Rashleigh to provide services to the Company in the capacity as Managing Director;
- (b) Holiho Pty Ltd, a company which has contracted with the Company to procure Director Mr Phillip Jackson to provide services to the Company in the capacity as Non-Executive Chairman of the Board;
- (c) Whitby (2009) Pty Ltd, a company which has contracted with the Company to procure Director Mr Martin Pyle to provide services to the Company in the capacity of a Non-Executive Director; and
- (d) Emchon Pty Ltd, a company which has contracted with the Company to procure Director Mr Sang Hong to provide services to the Company in the capacity of a Non-Executive Director,

**(Related Parties).**

Approval by shareholders for the issue of Shares under the Plan is sought for the purposes of Listing Rule 10.14. As Shareholder approval is being sought for the issue of Shares under the Plan (under Resolution 2), approval under Listing Rule 7.1 is not required (pursuant to Exception 9 of Listing Rule 7.2).

Resolutions 3 to 6 seek Shareholder approval for the issue of Shares to Related Parties under the Plan.

If Resolution 2 is approved, but if any of Resolutions 3 to 6 are not approved with respect to any specified Related Party, then that Related Party will be excluded from participating in the Plan (but approved Related Parties and senior managers can still participate).

## **4.2 Listing Rule 10.14**

ASX Listing Rule 10.14 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

In order to comply with Listing Rule 10.14, the notice convening the meeting at which approval will be sought must comply with either Listing Rule 10.15 or 10.15A where shares may be issued later than 12 months following a meeting, and the notice must comply with the requirements of Listing Rule 10.15A.

## **4.3 Chapter 2E of the Corporations Act**

Chapter 2E of the Corporations Act requires that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

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

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

Subject to an exception applying, the issue of Shares to the Related Parties under Resolutions 3 to 6 requires the Company to obtain Shareholder approval under Chapter 2E of the Corporations Act because:

- (a) the acquisition of Shares in lieu of sacrificed fees constitutes giving a financial benefit; and
- (b) the Related Parties are related parties of the Company as each Related Party is a company associated with, and controlled by, a Director of the Company (see section 4.4(a) below for specific details).

In relation to Resolution 3, the Directors (other than Mr Chris Rashleigh who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required (by relying on the arm's length exception in section 210 of the Corporations Act) in respect of the issue of Shares under the Plan to Chris Rashleigh Mining Pty. Limited because the agreement to issue Shares to that entity (subject to Shareholder approval) in lieu of sacrificed fees is considered:

- (a) reasonable, as the deemed issue price of the Shares is based on a volume weighted average price of Shares in the 5 days before the end of the relevant month (without a discount); and
- (b) on arm's length terms, as Chris Rashleigh Mining Pty. Limited will be participating in the Plan on the same terms as non-related parties.

In relation to Resolution 4, the Directors (other than Mr Phillip Jackson who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required (by relying on the arm's length exception in section 210 of the Corporations Act) in respect of the issue of Shares under the Plan to Holihox Pty Ltd because the agreement to issue Shares to that entity (subject to Shareholder approval) in lieu of sacrificed fees is considered:

- (a) reasonable, as the deemed issue price of the Shares is based on a volume weighted average price of Shares in the 5 days before the end of the relevant month (without a discount); and
- (b) on arm's length terms, as Holihox Pty Ltd will be participating in the Plan on the same terms as non-related parties.

In relation to Resolution 5, the Directors (other than Mr Martin Pyle who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required (by relying on the arm's length exception in section 210 of the Corporations Act) in respect of the issue of Shares under the Plan to Whitby (2009) Pty Ltd because the agreement to issue Shares to that entity (subject to Shareholder approval) in lieu of sacrificed fees is considered:

- (a) reasonable, as the deemed issue price of the Shares is based on a volume weighted average price of Shares in the 5 days before the end of the relevant month (without a discount); and
- (b) on arm's length terms, as Whitby (2009) Pty Ltd will be participating in the Plan on the same terms as non-related parties.

In relation to Resolution 6, the Directors (other than Mr Sang Hong who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required (by relying on the arm's length exception in section 210 of the Corporations Act) in respect of the issue of Shares under the Plan to Emchon Pty Ltd because the agreement to issue Shares to that entity (subject to Shareholder approval) in lieu of sacrificed fees is considered:

- (a) reasonable, as the deemed issue price of the Shares is based on a volume weighted average price of Shares in the 5 days before the end of the relevant month (without a discount); and
- (b) on arm's length terms, as Emchon Pty Ltd will be participating in the Plan on the same terms as non-related parties.

#### **4.4 Technical information required by Listing Rule 10.14**

Pursuant to and in accordance with the requirements of Listing Rule 10.15A, the following information is provided in relation to the proposed issue of Shares to the Related Parties under the Plan:

- (a) the Related Parties are listed below and are related parties as each Related Party is an associate of, and controlled by, a Director as set out below:
  - (i) Chris Rashleigh Mining Pty. Limited, a company associated with and controlled by Director Mr Chris Rashleigh;
  - (ii) Holihox Pty Ltd, a company associated with and controlled by Director Mr Phillip Jackson;
  - (iii) Whitby (2009) Pty Ltd, a company associated with and controlled by Director Mr Martin Pyle; and
  - (iv) Emchon Pty Ltd, a company associated with and controlled by Director Mr Sang Hong;
- (b) in addition to employees and consultants (including companies that provide consulting services) of the Company from time to time, all Directors from time to time and their associated companies who have contracted with the Company to procure their services as Directors from time to time, are entitled to participate in the Plan. Current Directors and associated companies that may participate in the Plan include Chris Rashleigh Mining Pty.



Limited, Holiho Pty Ltd, Whitby (2009) Pty Ltd, Emchon Pty Ltd, Mr Chris Rashleigh, Mr Philip Jackson, Mr Martin Pyle and Mr Sang Hong;

- (c) no Shares will be issued to any persons referred to in ASX Listing Rule 10.14 under the Plan after 3 years from the date of the Meeting without obtaining Shareholder approval;
- (d) details of any securities issued under the Plan will be published in each annual report of the Company relating to a period in which securities have been issued and that approval for the issue of the securities was obtained under Listing Rule 10.14;
- (e) the issue price for Shares issued to the Related Parties under the Plan will be the volume weighted average price for Shares trading on the ASX for the last 5 trading days of the month in which the relevant Shares accrued;
- (f) the maximum number of Shares to be issued to the Related Parties under the Plan is unknown given that:
  - (i) the number of Shares to be issued to the Related Parties under the Plan is determined by that formula which relies on the price of Shares during periods following the meeting (which cannot be predicted); and
  - (ii) the length of time the Related Parties will participate in the Plan is currently unknown (whilst initially the Related Parties will participate in the Plan for a period of 12 months commencing on 1 July 2014, participation beyond this period can occur subject to compliance with the terms of the Plan and the Listing Rules);
- (g) set out below are some examples of the number of Shares that may be issued to the Related Parties under the Plan, based on an assumed price for Shares and maximum participation of 12 months. **This an example only** and Shareholders should be aware that the actual number of Shares to be issued to the Related Parties will vary, based on the prevailing Share price at the time the number of Shares to be issued are calculated, the percentage of fees each Related Party will sacrifice and the length of participation of the Related Parties. The total amount of annual fees being paid to the Related Parties for the current financial year is \$218,175 (being \$120,000 to the company procuring the services of the Managing Director and the remaining \$98,175 being paid to the companies procuring the services of the Non-Executive Directors). Each Related Party has elected to sacrifice 30% of their fees for the current financial year. As such, this will result in a maximum salary sacrifice of \$65,452 for the current financial year. Based on a Share price of \$0.0099 per Share (being the volume weighted average price for the last 5 trading days in June 2014) a total of 6,611,363 Shares could be issued to the Related Parties. This would dilute current Shareholders by 3.33%. Based on each Related Party sacrificing 30% of their fees for the 12 month period ending 30 June 2015 and a Share price of \$0.0099 per Share, each Related Party will be issued approximately the number of Shares set out below:

Related Party	Annual Fees <sup>1</sup>	Fees Sacrificed <sup>1</sup> (30% of Annual Fees)	Number of Shares to be issued
<b>Chris Rashleigh Mining Pty. Limited</b>	\$120,000	\$36,000.00	3,636,364
<b>Holiho Pty Ltd</b>	\$35,925	\$10,777.50	1,088,636
<b>Whitby (2009) Pty Ltd</b>	\$30,925	\$9,277.50	937,121
<b>Emchon Pty Ltd</b>	\$31,325	\$9,397.50	949,242
<b>Total</b>	<b>\$218,175</b>	<b>\$65,452.50</b>	<b>6,611,363</b>

**Note**

1. For the period 1 July 2014 to 30 June 2015.

- (h) it is intended that Shares will be issued within 10 Business Days of the expiry of each 3 month period during the initial 12 month period of participation by the Related Parties under the Plan, subject to compliance with any relevant law or the Company's Trading Policy. Participation by the Related Parties beyond the initial 12 month period under the Plan can occur subject to compliance with the terms of the Plan and the dates for issue of Shares under such extended participation are expected to occur on a rolling basis (currently anticipated to also be 3 monthly); and
- (i) no Shares have previously been issued under the Plan nor has the issue of Shares under the Plan previously been approved by Shareholders.

#### 4.5 Waivers

The Company has obtained the following waivers from ASX in relation to the approvals sought in respect of Resolutions 3 to 6 (to permit participation by Related Parties in the Plan):

- (a) a waiver of Listing Rule 10.15A.2 to permit this Notice to omit the maximum number of Shares that may be acquired by Directors and related parties under the Plan (given that such details cannot be accurately determined at this time); and
- (b) a waiver of Listing Rule 10.15A.8 to permit this Notice to state that the Plan applies to the Directors in office from time to time, and companies contracting with the Company to procure services of Directors, and who may become entitled to participate under the Plan (rather than having to set out the names of all such people and companies who may be or become eligible to participate in the Plan).

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## 5. Resolutions 7 to 10 – Approval of issue of Shares to Related Parties

### 5.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 2,966,638 Shares (**Related Party Shares**) to:

- (a) Chris Rashleigh Mining Pty Ltd, a company which has contracted with the Company to procure Director Mr Chris Rashleigh to provide services to the Company in the capacity as Managing Director;
- (b) Holihox Pty Ltd, a company which has contracted with the Company to procure Director Mr Phillip Jackson to provide services to the Company in the capacity as Non-Executive chairman of the Board;
- (c) Whitby (2009) Pty Ltd, a company which has contracted with the Company to procure Director Mr Martin Pyle to provide services to the Company in the capacity of a Non-Executive Director; and
- (d) Emchon Pty Ltd, a company which has contracted with the Company to procure Director Mr Sang Hong to provide services to the Company in the capacity of a Non-Executive Director,

(**Related Parties**) on the terms and conditions set out below.

The Related Parties, and the proposed allottees the subject of Resolutions 11 to 13, agreed to sacrifice 30% of the fees payable by the Company to them from 1 December 2013, which sacrifice has been continuing, in order allow the fees otherwise payable to such parties to be used by the Company for working capital requirements.

If Resolutions 7 to 10 are approved the Company will issue the Related Parties Shares for the fees they sacrificed from the period 1 December 2013 until 30 June 2014 at a deemed issue price of \$0.01287 per Share (being the volume weighted average price of Shares in the period 1 December 2013 to 30 June 2014). Subject to Resolutions 3 to 6 being passed, post 1 July 2014, the Related Parties will participate in the Plan for fees sacrificed after that date.

## 5.2 Listing Rule 10.11

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

It is the view of the Company that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of Related Party Shares to the Related Parties.

## 5.3 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act requires that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

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

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

Subject to an exception applying, the issue of Related Party Shares to the Related Parties under Resolutions 7 to 10 requires the Company to obtain Shareholder approval under Chapter 2E of the Corporations Act because:

- (a) the issue of the Related Party Shares in lieu of sacrificed fees constitutes giving a financial benefit; and
- (b) the Related Parties are related parties of the Company as each Related Party is a company associated with, and controlled by, a Director of the Company (see section 5.4(a) below for specific details).

In relation to Resolution 7, the Directors (other than Mr Chris Rashleigh who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required (by relying on the arm's length exception in section 210 of the Corporations Act) in respect of the issue of Related Party Shares to Chris Rashleigh Mining Pty. Limited because the agreement to issue Shares to that entity (subject to Shareholder approval) in lieu of sacrificed fees is considered:

- (a) reasonable, as the deemed issue price of the Shares is based on a volume weighted average price of Shares from 1 December 2013 to 30 June 2014 (without a discount); and
- (b) on arm's length terms, as Chris Rashleigh Mining Pty. Limited will be receiving Shares on the same terms as non-related parties (see Resolutions 11 to 13).

In relation to Resolution 8, the Directors (other than Mr Phillip Jackson who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required (by relying on the arm's length exception in section 210 of the Corporations Act) in respect of the issue of Related Party Shares to Holihox Pty Ltd because the agreement to issue Shares to that entity (subject to Shareholder approval) in lieu of sacrificed fees is considered:

- (a) reasonable, as the deemed issue price of the Shares is based on a volume weighted average price of Shares from 1 December 2013 to 30 June 2014 (without a discount); and
- (b) on arm's length terms, as Holihox Pty Ltd will be receiving Shares on the same terms as non-related parties (see Resolutions 11 to 13).

In relation to Resolution 9, the Directors (other than Mr Martin Pyle who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required (by relying on the arm's length exception in section 210 of the Corporations Act) in respect of the issue of Related Party Shares to Whitby (2009) Pty Ltd because the agreement to issue Shares to that entity (subject to Shareholder approval) in lieu of sacrificed fees is considered:

- (a) reasonable, as the deemed issue price of the Shares is based on a volume weighted average price of Shares from 1 December 2013 to 30 June 2014 (without a discount); and
- (b) on arm's length terms, as Whitby (2009) Pty Ltd will be receiving Shares on the same terms as non-related parties (see Resolutions 11 to 13).

In relation to Resolution 10, the Directors (other than Mr Sang Hong who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required (by relying on the arm's length exception in section 210 of the Corporations Act) in respect of the issue of Related Party Shares to Emchon Pty Ltd because the agreement to issue Shares to that entity (subject to Shareholder approval) in lieu of sacrificed fees is considered:

- (a) reasonable, as the deemed issue price of the Shares is based on a volume weighted average price of Shares from 1 December 2013 to 30 June 2014 (without a discount); and
- (b) on arm's length terms, as Emchon Pty Ltd will be receiving Shares on the same terms as non-related parties (see Resolutions 11 to 13).

#### **5.4 Technical information required by Listing Rule 10.11**

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of the Related Party Shares:

- (a) the Related Parties are listed below and are related parties as each Related Party is an associate of, and controlled by, a Director (the reason each is a related party of the Company) as set out below:
  - (i) Chris Rashleigh Mining Pty. Limited, a company associated with and controlled by Director Mr Chris Rashleigh;
  - (ii) Holihox Pty Ltd, a company associated with and controlled by Director Mr Philip Jackson;
  - (iii) Whitby (2009) Pty Ltd, a company associated with and controlled by Director Mr Martin Pyle; and
  - (iv) Emchon Pty Ltd, a company associated with and controlled by Director Mr Sang Hong;
- (b) the maximum number of Related Party Shares (being the nature of the financial benefit being provided) to be granted to the Related Parties is:
  - (i) 1,631,702 Related Party Shares to Chris Rashleigh Mining Pty. Limited pursuant to Resolution 7;
  - (ii) 488,491 Related Party Shares to Holihox Pty Ltd pursuant to Resolution 8;
  - (iii) 420,503 Related Party Shares to Whitby (2009) Pty Ltd pursuant to Resolution 9; and
  - (iv) 425,942 Related Party Shares to Emchon Pty Ltd pursuant to Resolution 10;
- (c) the Related Party Shares will be granted to the Related Parties no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Related Party Shares will be issued on one date;

- (d) the Related Party Shares will be granted for nil cash consideration, accordingly no funds will be raised. However the Related Party Shares are being issued to compensate the Related Parties for the fees they sacrificed from the period 1 December 2013 until 30 June 2014 as set out below:

<b>Related Party</b>	<b>Fees<sup>1</sup></b>	<b>Fees Sacrificed<sup>1</sup> (30% of Fees)</b>
<b>Chris Rashleigh Mining Pty. Limited</b>	\$70,000.00	\$21,000.00
<b>Holihox Pty Ltd</b>	\$20,956.25	\$6,286.88
<b>Whitby (2009) Pty Ltd</b>	\$18,039.58	\$5,411.88
<b>Emchon Pty Ltd</b>	\$18,272.92	\$5,481.88
<b>Total</b>	<b>\$127,268.75</b>	<b>\$38,180.64</b>

**Note**

1. For the period 1 December 2013 to 30 June 2014.

As a result of the sacrifice by the Related Parties of 30% of their fees from 1 December 2013 until 30 June 2014, the Company retained the sacrificed fees, totalling \$38,180.64, and applied the capital to general working capital purposes;

- (e) the Shares to be issued to the Related Parties will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Shares will be issued for a deemed issue price of \$0.01287 per Share being the volume weighted average price of Shares on ASX in the period from 1 December 2013 to 30 June 2014, with the total values set out below:

<b>Related Party</b>	<b>Number of Shares to be issued</b>	<b>Value (issue price \$0.01287 per Share)</b>
<b>Chris Rashleigh Mining Pty. Limited</b>	1,631,702	\$21,000.00
<b>Holihox Pty Ltd</b>	488,491	\$6,286.88
<b>Whitby (2009) Pty Ltd</b>	420,503	\$5,411.88
<b>Emchon Pty Ltd</b>	425,942	\$5,481.88
<b>Total</b>	<b>2,966,638</b>	<b>\$38,180.64</b>

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Shares to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Related Party Shares to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

## **6. Resolutions 11 to 13 – Approval of issue of Shares**

### **6.1 General**

Resolutions 11 to 13 seek Shareholder approval for the issue of:

- (a) 2,447,552 Shares to Mr Daniel Noonan as compensation for Mr Noonan sacrificing 30% of the fees payable by the Company to him as the Company's Exploration Manager for the period 1 December 2013 until 30 June 2014;

- (b) 533,702 Shares to Golden Kilometre Mines Pty Ltd as compensation for Golden Kilometre Mines Pty Ltd sacrificing 30% of the fees payable by the Company, in respect of the general management and company secretarial services rendered to the Company during this period by Mr Eric Moore on behalf of Golden Kilometre Mines Pty Ltd, for the period 1 December 2013 until 30 June 2014; and
- (c) 539,707 Shares to Adelphi Resources Pty Ltd as compensation for Adelphi Resources Pty Ltd sacrificing 30% of the fees payable by the Company, in respect of the accounting services rendered to the Company during this period by Mr Bruce Waddell on behalf of Adelphi Resources Pty Ltd, for the period 1 December 2013 until 30 June 2014,

**(Compensation Shares).**

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolutions 11 to 13 will be to allow the Company to issue the Compensation Shares to Mr Daniel Noonan, Golden Kilometre Mines Pty Ltd and Adelphi Resources Pty Ltd during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

**6.2 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Compensation Shares:

- (a) the maximum number of Shares to be issued is 3,520,961 being:
    - (i) 2,447,552 Shares to Mr Daniel Noonan;
    - (ii) 533,702 Shares to Golden Kilometre Mines Pty Ltd; and
    - (iii) 539,707 Shares to Adelphi Resources Pty Ltd;
  - (b) the Compensation Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
  - (c) the deemed issue price will be \$0.01287 per Compensation Share being the volume weighted average price of Shares in the period from 1 December 2013 to 30 June 2014;
  - (d) the Compensation Shares will be issued for nil consideration;
  - (e) the Shares will be issued to Mr Daniel Noonan, Golden Kilometre Mines Pty Ltd and Adelphi Resources Pty Ltd, none of whom are related parties of the Company;
  - (f) the Shares to be issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
  - (g) no funds will be raised from the issue of the Compensation Shares as the Shares are being issued as compensation for fees sacrificed by the allottees from 1 December 2013 to 30 June 2014. The capital raised by the Company from the fees that were sacrificed was applied towards working capital purposes.
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## Schedule 1- Glossary

In the Notice of Meeting and the Explanatory Memorandum, unless the context otherwise requires the terms bolded below have the corresponding meanings adjacent to each relevant term:

<b>\$</b>	means Australian dollars
<b>ABN</b>	means Australian Business Number.
<b>ACN</b>	means Australian Company Number.
<b>Associate</b>	has the meaning given to that term in the Corporations Act.
<b>ASIC</b>	means the Australian Securities and Investments Commission.
<b>ASX</b>	means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.
<b>Board</b>	means the board of Directors.
<b>Closely Related Party</b>	means, of a member of the Key Management Personnel means: <ul style="list-style-type: none"> <li>(a) A spouse or child of the member;</li> <li>(b) A child of the member's spouse;</li> <li>(c) A dependent of the member's spouse;</li> <li>(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;</li> <li>(e) A company the member controls; or</li> <li>(f) A person prescribed by the <i>Corporations Regulations 2001</i> (Cth).</li> </ul>
<b>Chair</b>	means the chair of the Meeting.
<b>Company or Desert</b>	means Desert Mines and Metals Limited (ABN 56 123 102 974).
<b>Compensation Shares</b>	has the meaning given in Section 6.1 of the Explanatory Memorandum.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth).
<b>Director</b>	means a director of Desert.
<b>Eligible Participant</b>	has the meaning given in section 2 of the Explanatory Statement.
<b>Explanatory Memorandum</b>	means the Explanatory Memorandum accompanying the Notice of Meeting.
<b>Key Management Personnel</b>	has the same meaning as in the accounting standards (as that term is defined in the Corporations Act) and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, directly or indirectly, including any director (whether executive or non-executive) of the Company or if the Company is part of a consolidated entity of an entity within the consolidated group.
<b>Listing Rules</b>	means the listing rules of the ASX.
<b>Notice of Meeting</b>	means the notice convening the General Meeting, which accompanies this Explanatory Memorandum.
<b>Meeting or General Meeting</b>	means the general meeting of Desert called by the Notice of Meeting.
<b>Option</b>	means an option to acquire a Share.
<b>Plan or Share Plan</b>	means the Director and Employee Remuneration Sacrifice Share Plan.

<b>Proxy Form</b>	means the Proxy Form attached to the Notice of Meeting.
<b>related party</b>	means a “related party” as defined in section 228 of the Corporations Act.
<b>Related Parties</b>	means any or all of Chris Rashleigh Mining Pty. Limited, Holihox Pty Ltd, Whitby (2009) Pty Ltd and Emchon Pty Ltd as the context requires.
<b>Relevant Interest</b>	has the meaning given to that term in section 608 of the Corporations Act.
<b>Resolution</b>	means a Resolution in the Notice of Meeting.
<b>Share</b>	means a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	means the registered holder of a Share.
<b>Trading Policy</b>	means the Company’s Share Trading Policy as adopted or amended by the Board from time to time.
<b>WST</b>	means Western Standard Time as observed in Perth, Western Australia.



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**DESERT MINES AND METALS LIMITED**  
**ABN 56 123 102 974**

271 Great Eastern Highway  
 Belmont WA 6104  
 PO Box 707  
 Belmont WA 6984

Telephone: 61 (8) 6143 1840  
 Facsimile: 61 (8) 6162 9079  
 Email: contact@desertminesandmetals.com.au  
 Website: www.desertminesandmetals.com.au

**Proxy Form**

I/we.....(full name, block letters)

of.....

being a member of **Desert Mines and Metals Limited** hereby appoint as my proxy at the General Meeting:

.....  
 [print name]

of.....

or, failing him, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Extraordinary General Meeting of the company to be held at 11.00 am on 20<sup>th</sup> August 2014 and at any adjournment thereof.

**CHAIR'S VOTING INTENTIONS AS PROXY HOLDER**

The Chair of the meeting intends to vote undirected proxies FOR the resolutions to which they apply (assuming the Chair is entitled to vote the proxies – see the additional instructions below).

I/we direct my/our proxy how to vote in the following manner:

**ORDINARY AND SPECIAL BUSINESS- VOTING INSTRUCTIONS**

		For	Against	Abstain
Resolution 1	Approve Change of Company Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approve Issue of Shares in Salary Sacrifice Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approve Participation of Chris Rashleigh Mining Pty. Limited in Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approve Participation of Holihox Pty Ltd in Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approve Participation of Whitby (2009) Pty Ltd in Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approve Participation of Emchon Pty Ltd in Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approve Issue of Shares to Chris Rashleigh Mining Pty. Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Approve Issue of Shares to Holihox Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Approve Issue of Shares to Whitby (2009) Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Approve Issue of Shares to Emchon Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Approve Issue of Shares to Daniel Noonan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12	Approve Issue of Shares to Golden Kilometre Mines Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 13	Approve Issue of Shares to Adelphi Resources Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Additional Instructions:**

**If the Chairman of the meeting is your nominated proxy, or may be appointed by default, and you do not wish to direct your proxy how to vote as you proxy in respect of a resolution, please mark this box.** By marking this box, when you have not directed your proxy how to vote above, you acknowledge that the Chairman of the meeting (whether nominated or by default), acting as your proxy, may exercise your undirected proxy votes in his discretion even if he has an interest in the outcome of the Resolutions, and that votes cast by him, other than as proxy holder, will be disregarded because of those interests. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman will not cast your votes on such Resolutions and your votes will not be counted in calculating the required majority if a poll is called on those Resolutions.

***This Proxy is appointed to represent \_\_\_\_\_% of my voting right, or if 2 proxies are appointed Proxy 1 represents \_\_\_\_\_% and Proxy 2 represents \_\_\_\_\_% of my total votes My total voting right is \_\_\_\_\_ shares***

If the shareholder(s) is an individual(s), every shareholder is to sign:

If the shareholder is a company, sign in accordance with Section 127(1) of Corporations Act or affix common seal (if required by your constitution).

Signed: \_\_\_\_\_

\_\_\_\_\_  
 Director or Sole Director and Secretary

Signed: \_\_\_\_\_

\_\_\_\_\_  
 Director/Secretary

Dated: \_\_\_\_\_ 2014

Dated: \_\_\_\_\_ 2014

This form is to be used in accordance with the directions overleaf.

### **Instructions for completing and lodging this Proxy Form**

1. A shareholder who is entitled to attend and vote at a meeting is entitled to appoint a proxy (and a shareholder who is entitled to cast two or more votes may appoint not more than two proxies) to attend and vote at the meeting.
2. Where two proxies are appointed each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. Where two proxies for a shareholder are present at the meeting, neither proxy shall be entitled to vote on a show of hands, and on a poll the appointment shall be of no effect, unless each proxy is appointed to represent a specified proportion of the shareholder's voting rights, not exceeding 100% in aggregate.
3. A proxy need not himself be a shareholder of the Company.
4. The proxy form must be signed personally by the shareholder or his attorney, duly authorised in writing. If a proxy is given by a corporation, the proxy must be executed in accordance with section 127 of the Corporations Act or by its duly authorised attorney. In the case of joint shareholders, this proxy must be signed by at least one of the joint shareholders, personally or by a duly authorised attorney.
5. If a proxy is executed by an attorney of a shareholder, then the original of the relevant power of attorney or a certified copy of the relevant power of attorney, if it has not already been noted by the company, must accompany the proxy form.
6. If the proxy form specifies a way in which the proxy is to vote on any of the resolutions stated above, then the following applies:
  - (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way; and
  - (b) 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
  - (c) if the proxy is Chairman, the proxy must vote on a poll and must vote that way; and
  - (d) if the proxy is not the Chairman, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.

If a proxy is also a shareholder, the proxy can cast any votes the proxy holds as a shareholder in any way that the proxy sees fit.

7. The Proxy Form (and any power of attorney or other authority pursuant to which the Proxy Form has been signed) must either be:
  - (a) deposited at the registered office of the Company, 271 Great Eastern Highway, Belmont;
  - (b) be sent by post to Desert Mines and Metals Limited, PO Box 707, Belmont, WA 6984;
  - (c) be sent by facsimile to Desert Mines and Metals Limited at (08) 6162 9079; or
  - (d) be emailed to Desert Mines and Metals Limited at:  
contact@desertminesandmetals.com.au

so as to be received not later than 48 hours before the time fixed for the holding of the meeting - that is it is to be received by 11.00 am Western Standard Time on Monday 18<sup>th</sup> August 2014.

### **Change of Address**

Should your address have changed please use this section to advise the Company and, if faxing your proxy form or emailing it as an attachment, please fax or attach by email this side of the proxy form as well.

My new address is:

\_\_\_\_\_

My email address is: \_\_\_\_\_

My phone number is: \_\_\_\_\_