

# tangiers petroleum limited

ABN 80 072 964 179

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**NOTICE OF  
MEETINGS**

**PROXY FORM**

**EXPLANATORY STATEMENT**

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**General Meeting of Shareholders**

**TIME:** 10.00am (WST)

**DATE:** 16 November 2012

**PLACE:** Country Womans Association House Meeting Room  
1176 Hay Street, West Perth WA 6005

**Special Meeting of Certain Shareholders**

**TIME:** 10.30am (WST)

**DATE:** 16 November 2012

**PLACE:** Country Womans Association House Meeting Room  
1176 Hay Street, West Perth WA 6005



## **EXPLANATORY STATEMENT**

The Explanatory Statement accompanying this Notice of Meeting is incorporated in and comprises part of this Notice of Meeting.

Shareholders are specifically referred to the glossary in the Explanatory Statement which contains definitions of capitalised terms used both in this Notice of Meeting and the Explanatory Statement.

## **PROXIES**

Please note that:

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

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

## **CORPORATE REPRESENTATIVE**

Any corporate Shareholder who has appointed a person to act as its corporate representative at the meeting should provide that person with a certificate or letter executed in accordance with section 250D of the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative. An appointment of corporate representative form is enclosed if required.

## **BY ORDER OF THE BOARD OF DIRECTORS**



Krystel Kirou  
Joint Company Secretary  
12 October 2012

## BUSINESS OF THE GENERAL MEETING

Notice is given that a General Meeting of Tangiers Petroleum Limited (**Company**) will be held at 10.00am WST on Friday 16 November 2012 at the Country Woman's Association House Meeting Room at 1176 Hay Street, West Perth WA 6005.

### AGENDA

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#### 1 RESOLUTION 1 - RATIFICATION OF PREVIOUS ISSUE OF SHARES

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 7.4 of ASX Limited and for all other purposes, this Meeting approves and ratifies the allotment and issue of 2,936,877 fully paid ordinary shares at AUD\$0.33 (GBP£0.22) per share for a total placement value of approx. AUD\$969,000 as announced on 8 August 2012."*

**Short Explanation:** ASX Listing Rule 7.1 allows the Company to issue equity securities in any 12 month period representing up to 15% of its ordinary share capital on issue at the commencement of that period without shareholder approval. By obtaining ratification of shareholders under ASX Listing Rule 7.4 to the issue of the securities to the allottees, the Company will obtain relevant approval for the purposes of ASX Listing Rule 7.1 and thereby refresh the Company's capacity to make future issues of securities up to the 15% threshold. Please refer to the Explanatory Statement for details.

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue that is the subject of this Resolution and any associates of those persons. However, the Company will not disregard a vote cast on this Resolution if:

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

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#### 2 RESOLUTION 2 - RATIFICATION OF PREVIOUS ISSUE OF SHARES

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 7.4 of ASX Limited and for all other purposes, this Meeting approves and ratifies the allotment and issue of 3,562,222 fully paid ordinary shares at GBP£0.18 per Share for a total placement value of approx. GBP£641,200 (AUD\$961,000) as announced on 4 September 2012."*

**Short Explanation:** ASX Listing Rule 7.1 allows the Company to issue equity securities in any 12 month period representing up to 15% of its ordinary share capital on issue at the commencement of that period without shareholder approval. By obtaining ratification of shareholders under ASX Listing Rule 7.4 to the issue of the securities to the allottees, the Company will obtain relevant approval for the purposes of ASX Listing Rule 7.1 and thereby refresh the Company's capacity to make future issues of securities up to the 15% threshold. Please refer to the Explanatory Statement for details.

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue that is the subject of this Resolution and any associates of those persons. However, the Company will not disregard a vote cast on this Resolution if:

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

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### **3 RESOLUTION 3 - RATIFICATION OF PREVIOUS ISSUE OF SHARES**

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 7.4 of ASX Limited and for all other purposes, this Meeting approves and ratifies the allotment and issue of 8,120,500 fully paid ordinary shares at GBPE0.18 per Share for a total placement value of approx. GBPE1,461,690 (AUD\$2,200,000) as announced on 21 September and 24 September 2012."*

**Short Explanation:** ASX Listing Rule 7.1 allows the Company to issue equity securities in any 12 month period representing up to 15% of its ordinary share capital on issue at the commencement of that period without shareholder approval. By obtaining ratification of shareholders under ASX Listing Rule 7.4 to the issue of the securities to the allottees, the Company will obtain relevant approval for the purposes of ASX Listing Rule 7.1 and thereby refresh the Company's capacity to make future issues of securities up to the 15% threshold. Please refer to the Explanatory Statement for details.

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue that is the subject of this Resolution and any associates of those persons. However, the Company will not disregard a vote cast on this Resolution if:

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

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### **4 RESOLUTION 4 – APPROVAL OF ISSUE OF OPTIONS TO OLD PARK LANE CAPITAL PLC**

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

*"That, in for the purposes of Listing Rule 7.1 and for all purposes, Shareholders approve the allotment and issue of 213,733 Options to Old Park Lane Capital or their nominated nominees for the purposes and on the terms set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a 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 the resolution is passed and any associates of those persons. However, the Company will not disregard a vote cast on this Resolution if:

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

- b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

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## **5 RESOLUTION 5 – APPROVAL OF ISSUE OF OPTIONS TO OLD PARK LANE CAPITAL PLC**

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

*“That, in for the purposes of Listing Rule 7.1 and for all purposes, Shareholders approve the allotment and issue of 487,230 Options to Old Park Lane Capital or their nominated nominees for the purposes and on the terms set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a 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 the resolution is passed and any associates of those persons. However, the Company will not disregard a vote cast on this Resolution if:

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

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## **6 RESOLUTION 6 - APPROVAL OF PROPOSED ISSUE OF SECURITIES**

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

*“That for the purposes of Listing Rule 7.1 and for all other purposes, the Company approves the allotment and issue of 10,000,000 fully paid ordinary Shares to sophisticated investors on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a 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 the resolution is passed and any associates of those persons. However, the Company will not disregard a vote cast on this Resolution if:

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

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## **7 RESOLUTION 7 - APPROVAL OF PROPOSED ISSUE OF OPTIONS TO MS EVE HOWELL AS EXECUTIVE CHAIRMAN**

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

*“That for the purposes of Listing Rule 10.11 and for all other purposes, the Company approves the allotment and issue of 2,000,000 Options to Ms Howell as*

*executive chairman of the Company on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who is to receive securities in relation to the entity and any associates of that person. However, the Company will not disregard a vote cast on this Resolution if:

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

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## **8 RESOLUTION 8 - APPROVAL OF PROPOSED ISSUE OF OPTIONS TO MR MAX DE VIETRI AS NON-EXECUTIVE DIRECTOR**

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

*"That, in for the purposes of Listing Rule 10.11 and for all purposes, Shareholders approve the allotment and issue of 1,000,000 Options to Mr Max de Vietri as non-executive director of the Company for the purposes and on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who is to receive securities in relation to the entity and any associates of that person. However, the Company will not disregard a vote cast on this Resolution if:

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

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## **9 RESOLUTION 9 – APPROVAL OF ISSUE OF OPTIONS TO EMR RESOURCES PTY LTD ACN 153 975 387**

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

*"That, in for the purposes of Listing Rule 10.11 and for all purposes, Shareholders approve the allotment and issue of 3,500,000 Options in two tranches to EMR Resources Pty Ltd (ACN 153 975 387) or their nominated nominees for the purposes and on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a 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 the resolution is passed and any associates of those persons. However, the Company will not disregard a vote cast on this Resolution if:

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

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## 10 RESOLUTION 10 – APPROVE THE EXECUTION OF DIRECTORS AND OFFICERS DEEDS OF ACCESS, INDEMNITY AND INSURANCE

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

*“Pursuant to Chapters 2D.2 and 2E of the Corporations Act and for all other purposes approval be given to the Company, to:*

*(a) indemnify Directors and Officers, during their period of directorship or office and after the cessation of directorship or office, in respect of certain claims should any be made against those Directors or Officers whilst acting in their capacity as Director or Officer;*

*(b) use its reasonable endeavours to procure an insurance policy and pay the premiums of insurance as assessed at market rates applicable from time to time for each such Director or Officer in respect of certain claims made against that Director or Officer acting in his or her capacity of a Director or Officer (except to the extent such insurance cannot be procured at a reasonable cost or is otherwise unavailable to the Company);*

*(c) use its reasonable endeavours to ensure that each such Director or Officer is at all times covered under an insurance policy for the period of 7 years from the date the Director or Officer ceases to be a Director or Officer (Insurance Run-Off Period), which will be on terms not materially less favourable to each Director or Officer than the terms of insurance applicable at the date of termination of his or her directorship and to continue to pay those premiums during that Insurance Run-Off Period (except to the extent such insurance cannot be procured at a reasonable cost or is otherwise unavailable to the Company); and*

*(d) provide each such Director or Officer with access, upon the cessation for any reason of his directorship or office and for a period of not less than 7 years following that cessation, to any Company records which are either prepared by or provided to the Director or Officer during the period of his or her directorship or office,*

*and on the terms and conditions in the Explanatory Statement.”*

### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by the Directors or any of their associates. However, the Company will not disregard a vote if:

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

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## 11 RESOLUTION 11 – APPROVE THE CANCELLATION OF SHARES

To consider and, if thought fit, pass the following resolution pursuant to section 256C(2)(a) of the Corporations Act as a **special resolution**:

*“That subject to the passing of Resolution 1 at the Special Meeting, in accordance with Section 256C(2) of the Corporations Act and for all other purposes, approval is given for the Company to cancel 2,125,000 ordinary shares held by Adenmere Pty Ltd (ACN 053 858 110) and Prospect Evaluation Pty Ltd (ABN 15 257 397 798) pursuant to the terms in the Deed of Amendment dated 25 August 2010.”*

## **BUSINESS OF THE SPECIAL MEETING**

Notice is given that a Special Meeting of Shareholders whose shares are to be cancelled will be held at 10.30am WST on Friday 16 November 2012 or as soon as the General Meeting of Shareholders has concluded or been adjourned, whichever is earlier, at: at the Country Woman's Association House Meeting Room at 1176 Hay Street, West Perth WA 6005.

### **AGENDA**

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#### **1 RESOLUTION 1 – APPROVE THE CANCELLATION OF SHARES**

To consider and, if thought fit, pass the following resolution pursuant to section 256C(2)(a) of the Corporations Act as a special resolution:

*"That pursuant to sections 256B and 256C of the Corporations Act 2001 (Cth), the share capital of Tangiers Petroleum be reduced by cancelling 2,125,000 ordinary shares held by Adenmere Pty Ltd (ACN 053 858 110) and Prospect Evaluation Pty Ltd (ABN 15 257 397 798) pursuant to the terms in the Deed of Amendment dated 25 August 2010."*

## EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's General Meeting to be held at 10.00am WST on Friday 16 November 2012 at the Country Woman's Association House Meeting Room at 1176 Hay Street, West Perth WA 6005.

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

This Explanatory Statement should be read in conjunction with the Notice of Meeting. Capitalised terms in this Explanatory Statement are defined in the glossary.

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### **1 RESOLUTION 1 – RATIFICATION OF PREVIOUS ISSUE OF SHARES**

#### **1.1 Background**

On 8 August 2012, 3 September 2012 and 5 of September 2012, the Company announced it had issued 2,936,877 Shares at AUD\$0.33(GBP£0.22) per Share to raise approx. AUD\$969,000 using the Company's 15% placement capacity pursuant to ASX Listing Rule 7.1.

Resolution 1 seeks to ratify this private placement of securities.

#### **ASX Listing Rules 7.1, 7.4 and 7.5**

Listing Rule 7.1 provides that a company must not, without prior approval of Shareholders, issue securities if the securities will in themselves or when aggregated with the securities issued by a company during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 states that an issue by a company of securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 (that is, the issue was within the Company's 15% capacity) and Shareholders subsequently approve it.

Under this Resolution, the Company seeks from Shareholders approval for, and ratification of, the issues of securities set out below so as to limit the restrictive effect of Listing Rule 7.1 on any further issues of securities in the next 12 months.

Listing Rule 7.5 provides that for Shareholders to approve an issue subsequently, the notice of meeting must include particular information. This information is as follows:

- a) The total number of securities allotted is 2,936,877 Shares.
- b) The Shares were issued at an issue price of AUD\$0.33/GBP£0.22 each.
- c) The Shares are fully paid ordinary shares in the Company and rank equally with the Company's current issued Shares.
- d) The allottees of the Shares were investors entitled to accept offers of securities under section 708 of the Corporations Act being institutional and sophisticated investors. None of the allottees are related parties of the Company.
- e) The proceeds of the placement are intended to be used to supplement the Company's working capital and to meet the Company's obligations in relation to its exploration permits.

The Board believes that the ratification of this issue is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 1 as it allows the Company

to ratify the above issue of Securities and retain the flexibility to issue further securities representing up to 15% of the Company's share capital during the next 12 months.

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## **2 RESOLUTION 2 – RATIFICATION OF PREVIOUS ISSUE OF SHARES**

### **2.1 Background**

On 10 September 2012 and 14 September 2012, the Company announced it had issued 3,562,222 Shares at GBPE0.18 (AUD\$0.28) per Share to raise approx. GBPE641,000 (AUD\$961,000) using the Company's 15% placement capacity pursuant to ASX Listing Rule 7.1.

Resolution 2 seeks to ratify this private placement of securities.

#### **ASX Listing Rules 7.1, 7.4 and 7.5**

Listing Rule 7.1 provides that a company must not, without prior approval of Shareholders, issue securities if the securities will in themselves or when aggregated with the securities issued by a company during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 states that an issue by a company of securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 (that is, the issue was within the Company's 15% capacity) and Shareholders subsequently approve it.

Under this Resolution, the Company seeks from Shareholders approval for, and ratification of, the issues of securities set out below so as to limit the restrictive effect of Listing Rule 7.1 on any further issues of securities in the next 12 months.

Listing Rule 7.5 provides that for Shareholders to approve an issue subsequently, the notice of meeting must include particular information. This information is as follows:

- a) The total number of securities allotted is 3,562,222 Shares.
- b) The Shares were issued at an issue price of AUD\$0.28/GBPE0.18 each.
- c) The Shares are fully paid ordinary shares in the Company and rank equally with the Company's current issued Shares.
- d) The allottees of the Shares were investors entitled to accept offers of securities under section 708 of the Corporations Act being institutional and sophisticated investors. None of the allottees are related parties of the Company.
- e) The proceeds of the placement are intended to be used to supplement the Company's working capital and to meet the Company's obligations in relation to its exploration permits.

The Board believes that the ratification of this issue is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 2 as it allows the Company to ratify the above issue of Securities and retain the flexibility to issue further securities representing up to 15% of the Company's share capital during the next 12 months.

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### **3 RESOLUTION 3 – RATIFICATION OF PREVIOUS ISSUE OF SHARES**

#### **3.1 Background**

On 21 September 2012 and on 24 September 2012, the Company announced it had issued 8,120,500 Shares at GBPE0.18 (AUD\$0.28) per Share to raise approx. GBPE1,461,690 (AUD\$2,200,000) using the Company's 15% placement capacity pursuant to ASX Listing Rule 7.1

Resolution 3 seeks to ratify this private placement of securities.

#### **ASX Listing Rules 7.1, 7.4 and 7.5**

Listing Rule 7.1 provides that a company must not, without prior approval of Shareholders, issue securities if the securities will in themselves or when aggregated with the securities issued by a company during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 states that an issue by a company of securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 (that is, the issue was within the Company's 15% capacity) and Shareholders subsequently approve it.

Under this Resolution, the Company seeks from Shareholders approval for, and ratification of, the issues of securities set out below so as to limit the restrictive effect of Listing Rule 7.1 on any further issues of securities in the next 12 months.

Listing Rule 7.5 provides that for Shareholders to approve an issue subsequently, the notice of meeting must include particular information. This information is as follows:

- a) The total number of securities allotted is 8,120,500 Shares.
- b) The Shares were issued at an issue price of AUD\$0.28/GBPE0.18 each.
- c) The Shares are fully paid ordinary shares in the Company and rank equally with the Company's current issued Shares.
- d) The allottees of the Shares were investors entitled to accept offers of securities under section 708 of the Corporations Act being institutional and sophisticated investors. None of the allottees are related parties of the Company.
- e) The proceeds of the placement are intended to be used to supplement the Company's working capital and to meet the Company's obligations in relation to its exploration permits.

The Board believes that the ratification of this issue is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 3 as it allows the Company to ratify the above issue of Securities and retain the flexibility to issue further securities representing up to 15% of the Company's share capital during the next 12 months.

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### **4 RESOLUTION 4 – APPROVAL OF ISSUE OF OPTIONS TO OLD PARK LANE CAPITAL PLC**

#### **4.1 Background**

Resolution 4 seeks Shareholder approval for the allotment and issue of up to 213,733 Options to Old Park Lane Capital PLC or their nominated nominees.

This issue of Options to Old Park Lane Capital PLC is in line with the terms stipulated in the Placement Agreement dated 31 August 2012 in relation to the private placement announced on 4 September 2012.

The effect of Resolution 4 will be to allow the Directors to issue the Options during the period of 3 months after the General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

#### **4.2 ASX Listing Rule 7.3**

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

- (a) the maximum number of Options to be granted is 213,733;
- (b) the issue and allotment of the Options will be no later than 3 months after the date of the General 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 allotted and issued to Old Park Lane Capital PLC or their nominees who are not related parties of the Company;
- (e) the Options will be issued on the terms and conditions set out in Annexure A.

The Board believes that the ratification of this issue is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 4 as it allows the Company to ratify the above issue of Securities and retain the flexibility to issue further securities representing up to 15% of the Company's share capital during the next 12 months.

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## **5 RESOLUTION 5 – APPROVAL OF ISSUE OF OPTIONS TO OLD PARK LANE CAPITAL PLC**

### **5.1 Background**

Resolution 5 seeks Shareholder approval for the allotment and issue of up to 487,230 Options to Old Park Lane Capital PLC or their nominated nominees.

This issue of Options to Old Park Lane Capital PLC is in line with the terms stipulated for services rendered as provided in the Placement Agreement dated 19 September 2012 in relation to the private Placement announced on 21 September 2012 and 24 September 2012.

The effect of Resolution 5 will be to allow the Directors to issue the Options during the period of 3 months after the General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### **5.2 ASX Listing Rule 7.3**

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

- (a) the maximum number of Options to be granted is 487,230;
- (b) the issue and allotment of the Options will be no later than 3 months after the date of the General 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 allotted and issued to Old Park Lane Capital PLC or their nominees who are not related parties of the Company;
- (e) the Options will be issued on the terms and conditions set out in Annexure B.

The Board believes that the ratification of this issue is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 5 as it allows the Company to ratify the above issue of Securities and retain the flexibility to issue further securities representing up to 15% of the Company's share capital during the next 12 months.

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## **6 RESOLUTION 6 - APPROVAL OF PROPOSED ISSUE OF SECURITIES**

### **6.1 Background**

On 21 September 2012 and 24 September 2012, the Company announced that it had resolved to raise approximately AUD\$5,800,000 by the issue of approximately 18,200,000 shares at GBPE0.18 (A\$0.28) per Share. The capital raising comprised an immediate placement of 8,120,500 shares at GBPE0.18 (A\$0.28) per share to raise approximately GBPE1,461.690 (A\$2,200,000) under the Company's 15% capacity pursuant to a Placing Agreement with Old Park Lane Capital PLC and a further Australian placement, led by DJ Carmichael, of a further 10,000,000 shares at GBPE0.18 (A\$0.28) to raise approximately A\$2,800,000 subject to shareholder approval ("Australian Placement").

Shareholder approval is sought in respect of the proposed issue of 10,000,000 Shares comprising the Australian Placement.

Listing Rule 7.1 requires Shareholder approval to the proposed issue of securities in the Company. Listing Rule 7.1 broadly provides, subject to certain exceptions, that Shareholder approval is required for any issue of securities by a listed company, where the securities proposed to be issued represent more than 15% of the company's securities on issue. If Resolution 6 is passed, it will provide the Company the flexibility to issue further equity securities in the future up to the 15% threshold without the requirement to obtain Shareholder approval. For the purposes of Listing Rule 7.3, the following information is provided to Shareholders:

(a) The maximum number of Shares to be issued is 10,000,000. The issue price will be GBPE0.18 (AUD\$0.28).

(b) The Shares will rank *pari passu* with existing fully paid ordinary shares in the Company.

(c) The Shares will be allotted and issued no later than 3 months after the date of this general meeting, unless otherwise extended by way of ASX granting a waiver to the Listing Rules.

(d) The allotment of the Shares will occur progressively.

(e) At the date of this Explanatory Statement, the names of the proposed allottees of the Shares are not known and the quantity of the Shares to be issued to each allottee is not known. The Company intends (but without limitation) to issue Shares to professional, sophisticated and other investors who are exempt from the disclosure requirements of Chapter 6D of the Corporations Act so that any offer of Shares will not require a disclosure document. The Shares will not be issued to Directors or other related parties of the Company. Any Shareholder who votes on the Resolution will not be able to participate in the proposed issue of Shares.

(f) The purpose of the raising is to fund the exploration activities of the Company's operations in Morocco as well as any future projects.

The Board recommends Shareholders vote in favour of Resolution 6 as this will allow the Company to retain the flexibility to issue further equity securities representing up to 15% of the Company's issued share capital during the next 12 months.

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## **7 RESOLUTIONS 7 & 8 - APPROVAL OF PROPOSED ISSUE OF OPTIONS TO MS EVE HOWELL AS EXECUTIVE CHAIRMAN AND MR MAX DE VIETRI AS NON-EXECUTIVE DIRECTOR**

### **7.1 Background**

Subject to shareholders approval as contemplated in this Notice of Meeting, in part consideration of the appointment of Ms Eve Howell and Mr Max de Vietri to join the Board of the Company, the Board has resolved to issue 2,000,000 Options to Ms Howell and 1,000,000 Options to Mr Max de Vietri at an exercise price of AUD\$0.28 per Option.

Listing Rule 10.11 requires Shareholder approval to the proposed issue of securities in the Company to a related party or a person whose relationship with the entity or the related party is, in ASX's opinion, such that approval should be obtained. A related party pursuant to section 228 of the Corporations Act is defined as a director of a public company. Accordingly, Ms Howell as a director of the Company would be considered a related party of the Company for the purposes of section 228 of the corporations Act. Exception 14 of Listing Rule 7.1 provides for an issue of securities made under Listing Rule 10.11 as an exception to a shareholder approval required for any issue of securities by a listed company, where the securities proposed to be issued represent more than 15% of the company's securities on issue.

### **7.2 Directors Recommendation**

Ms Eve Howell declines to make a recommendation to Shareholders in relation to Resolution 7 due to her material personal interest in the outcome of the Resolution. However in respect of Resolution 8, Ms Eve Howell along with Mr Brent Villemarette, recommends that Shareholders vote in favour of the Resolution on the basis that through the issue of the Options, the Director's interests will be directly aligned with the success of the Company and that they would be accordingly appropriately incentivated for increasing the Company's value.

Mr Max de Vietri declines to make a recommendation to Shareholders in relation to Resolution 8 due to his material personal interest in the outcome of the Resolution. However in respect of Resolution 7, Mr Max de Vietri along with Mr Brent Villemarette, recommends that Shareholders vote in favour of the Resolution on the basis stated above.

As this is a related party transaction for the purposes of the Listing Rules and Corporations Act, Resolutions 7 and 8 are required to be passed before the issues can proceed.

### **7.3 Approval of the Issue of Securities**

The Resolutions seek shareholder approval in order to comply with the requirements of ASX Listing Rule 10.13 and section 208 of the Corporations Act. If approval is given by Shareholders under Listing Rule 10.13 (as an exception to Listing Rule 10.11), separate Shareholder approval is not required under Listing Rule 7.1.

Each of these requirements is addressed below.

### **7.4 ASX Listing Rule 10.11**

Under Resolutions 7 and 8, the Company seeks approval from Shareholders for the issue of a total of 3,000,000 Options to the Directors who by virtue of their position are therefore regarded as related parties of the Company.

Listing Rule 10.11 provides that a company must not issue equity securities (including options to acquire shares) to a Director of the Company unless the issue has been approved by shareholders by ordinary resolution.

The Options will be granted for nil consideration, exercisable at \$0.28 each with a three year expiry term. A total of 3,000,000 Options may be issued if Resolutions 7 and 8 are approved. The Options will provide incentives to the Directors to enhance the future value

of the Shares of the Company, for the benefit of all Shareholders. The Company will issue the Options under Resolutions 7 and 8 within one month after Shareholder approval.

The Company will raise a total of \$840,000 if all the Options are exercised and Shares are subscribed for during the exercise period. These funds will be used to fund the evaluation, acquisition and exploration of existing and additional projects and general working capital requirements. There is no guarantee that the Options will be exercised at any time.

The Company intends to issue the Options, the subject of these Resolutions, as soon as practicable following the General Meeting, and in any event, no later than 1 month after the General Meeting. The Options will be issued on the terms and conditions set out in Annexure C to this Explanatory Statement. The Company will not apply to ASX for Official Quotation of the Options.

## **7.5 Section 208 Corporations Act**

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. The issue of the Director Options contemplated by Resolutions 7 and 8 constitutes the provision of a financial benefit to related parties. Section 229 of the Corporations Act includes as an example of a financial benefit, the issuing of securities or the granting of an option to a related party.

A "related party" is widely defined under the Corporations Act, and includes Directors of the Company. Ms Eve Howell and Mr Max de Vietri are related parties of the Company for the purposes of section 229 of the Corporations Act.

A "financial benefit" is construed widely and in determining whether a financial benefit is being given, section 229 of the Corporations Act requires that any consideration that is given is disregarded, even if the consideration is adequate. It is necessary to look at the economic and commercial substance and the effect of the transaction in determining the financial benefit.

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

1. the giving of the financial benefit falls within one of the exceptions to the provision;  
or
2. prior shareholder approval is obtained to the giving of the financial benefit.

## **7.6 Information Requirements**

For the purposes of Chapter 2E, Ms Eve Howell and Mr Max de Vietri are related parties of the Company.

For the purposes of section 219 of the Corporations Act the following information is provided to shareholders to enable them to assess the merits of the resolution.

## **7.7 The Related Parties to Whom the Proposed Resolutions Would Permit the Benefit to be Given**

Ms Eve Howell and Mr Max de Vietri ("Related Parties").

## **7.8 The Nature of the Financial Benefit**

The proposed financial benefit to be given is the issue of a total of 3,000,000 Options to the Related Parties as specified in the table below.

The Company currently has on issue 115,417,360 Shares. On the assumption that all of the existing Options (unless otherwise specified) are not exercised, the Relevant Interests of the Related Parties are set out in the table below. Using the same assumption and further assuming:

- (a) the Related Party exercises his existing Options;

(b) the Related Party exercises the Options to be issued under Resolutions 7 and 8; and

(c) no more Shares or Options are issued exercised by the Company,

("Assumptions"), the Relevant Interests of the Related Party in Shares before and after the transactions described in this Notice of Meeting is set out in the Relevant Interests Table below:

RELEVANT PARTY WITH RELEVANT INTERESTS	NUMBER OF SHARES HELD AS AT THE DATE OF NOTICE OF MEETING	SHARES HELD AS AT THE DATE OF NOTICE OF MEETING %	NUMBER OF OPTIONS HELD AS AT THE DATE OF NOTICE OF MEETING	OPTIONS HELD AS AT THE DATE OF NOTICE OF MEETING %	NUMBER OF OPTIONS TO BE ISSUED	OPTIONS TO BE ISSUED %	NUMBER OF SHARES ON ISSUE (BASED ON ASSUMPTIONS)	SHARES ON ISSUE (BASED ON ASSUMPTIONS) %
EVE HOWELL	-	-	-	-	2,000,000	66.67	2,000,000	1.73
MAX DE VIETRI	-	-	-	-	1,000,000	33.33	1,000,000	0.87

If the Options to be issued under Resolutions 7 and 8 are exercised (but assuming that existing Options held by the Related Party is not exercised), the Company's issued share capital will increase by 3,000,000 Shares representing 2.60% of the issued share capital of the Company on a fully diluted basis, diluting the shareholders by a corresponding amount.

#### **7.9 Other Information that is Reasonably Required by Members to Make a Decision and that is Known to the Company or any of its Directors**

It is a requirement of ASIC that a dollar value be placed on the Options to be issued to the Related Party.

The Black-Scholes option price calculation method is regarded as acceptable by ASIC as a valuation model where the Placement Options cannot be readily valued by some other means.

In determining the dollar value for the Options, the Company is required to disclose the following assumptions made:

- a) the Options are to be exercisable at 28 cents each;
- b) the Options are to be exercised within 3 years from the date of issue;
- c) price volatility of the Shares is approximately 100%;
- d) no discount has been allowed notwithstanding their unlisted status;
- e) the Share price at the date of preparing this Notice of meeting is 34 cents per Share; and
- f) the average current risk free interest rate is 3.25%.

On this basis, the implied "value" being received by each Related Party is 22.70 cents per Option. The implied "value" being received by the Related Parties for the Options are as follows:

Related Party	Value
Eve Howell	\$454,000
Max de Vietri	\$227,000

The Related Parties who are Directors, make the following additional disclosure.

The relevant Director's fee per annum and the total financial benefit to be received by them, when added to the implied "value" to be received by the director as a result of the issue of Options the subject of resolutions 7 and 8 are as follows:

Director	Description	(\$ p.a.	Value of Options to be Issued (\$)	Total Financial Benefit (\$)
Eve Howell	Chairman's fee	250,000	454,000	704,000
Max de Vietri	Director's fee	50,000	227,000	277,000

## 7.10 Trading History

Over the last 12 months the Shares have traded between 27 cents per Share (lowest) and 84 cents per Share (highest). The latest trading price available at the time of preparing this Notice of Meeting was 34 cents per Share.

There is a potential benefit that accrues to The Directors if the market trading price of the Shares issued following the exercise of the Options exceeds the exercise price. This benefit would accrue on the sale of the Shares for an amount in excess of the exercise price.

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## 8 RESOLUTION 9 - APPROVAL OF PROPOSED ISSUE OF OPTIONS TO EMR RESOURCES PTY LTD

### 8.1 Background

Subject to Shareholders approval, and as contemplated in this Notice of Meeting, the Board proposes to grant 3,500,000 Options to EMR Resources Pty Ltd, a related party of Ms Howell and Mr de Vietri pursuant to ASX Listing Rule 10.11, as further consideration for the appointments of Ms Eve Howell as Executive Chairman and Mr Max de Vietri as Non-executive Director of the Company.

Under the Corporations Act 2001 (Cth), the provision of any financial benefit to a related party requires Shareholder approval in accordance with the procedure set out in Chapter 2E.1 of that Act, unless one of a number of exceptions applies. Chapter 2E.1 applies to the issuance of options to a related party between the Company and a related party. A "related party" (as defined in the Act) includes the Directors of the Company and entities controlled by the Directors of the Company by virtue of their positions in the Company as related parties.

In addition, ASX Listing Rule 10.11 provides that a listed company must not, without the approval of ordinary Shareholders, issue equity securities to a related party. A "related party" (as defined in the ASX Listing Rules) includes the entities controlled by the Directors of the Company by virtue of their positions in the company as related parties.

### 8.2 Director Recommendation

Mr Max de Vietri and Ms Eve Howell decline to make a recommendation to Shareholders in relation to Resolution 9 due to their material interest in the outcome of the Resolution on the basis that an entity controlled by them is to be granted Options in the Company.

It is considered that the grant of the 3,500,000 Options to EMR Resources Pty Ltd on the terms proposed in Resolution 9 is reasonable in the circumstances as further consideration to Mr Max de Vietri and Ms Eve Howell. The grant of Options has been valued at \$794,500 and this is viewed as being in line with the corporate remuneration of similar companies. For these reasons, Mr Brent Villemarette recommends that Shareholders vote in favour of Resolution 9.

### **8.3 ASX Listing Rule 10.11**

Pursuant to and in accordance with ASX Listing Rule 10.11, the following information is provided in relation to the issue:

- (a) the maximum number of Options to be granted is 3,500,000 in two tranches comprising:
  - (i) 2,000,000 Options with an exercise price at AUD\$0.28 with a 3 year expiry from the date of the issue, and to be escrowed for 12 months from the date of the issue; and
  - (ii) 1,500,000 Options with an exercise price of AUD\$0.28 with a 3 year expiry from the date of the issue, and a vesting condition that the Company must acquire two additional Material Assets in Africa during the term of the Options.
- (b) the issue and allotment of the Options will be no later than 1 month after the date of the General 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 allotted and issued to EMR Resources Pty Ltd ACN 153 975 387;
- (e) the Options will be issued on the terms and conditions set out in Annexure D.

### **8.4 Information Requirements**

Under the Corporations Act 2001 (Cth), the provision of any financial benefit (which includes the grant of Options) to a related party requires Shareholder approval in accordance with the procedure set out in Chapter 2E.1 of that Act, unless one of a number of exceptions applies. The following information is provided in accordance with Section 219 of the Corporations Act 2001 (Cth).

### **8.5 The Related Parties to Whom the Proposed Resolutions Would Permit the Benefit to be Given**

EMR Resources Pty Ltd - ACN 153 975 387

### **8.6 The Nature of the Financial Benefit**

The issue of Options to acquire Shares in the capital of the Company, credited as fully paid, exercisable by EMR Resources Pty Ltd at an exercise price of AUD\$0.28 per Option.

If the Options to be issued under Resolution 9 are exercised (but assuming that no more Shares or Options are issued or exercised by the Company), the Company's issued share capital will increase by 3,500,000 Shares representing 3.03% of the issued share capital of the Company on a fully diluted basis, diluting the shareholders by a corresponding amount.

EMR Resources Pty Ltd does not have any existing interests in the Company.

### **8.7 Other Information that is Reasonably Required by Members to Make a Decision and that is known to the Company or any of its Directors**

The Options have been valued using both the Black Scholes pricing model and Binomial theory and based on the following assumptions:

- a) the Options are to be exercisable at 28 cents each;
- b) the Options are to be exercised within 3 years from the date of issue;

- c) price volatility of the Shares is approximately 100%;
- d) no discount has been allowed notwithstanding their unlisted status;
- e) the Share price at the date of preparing this Notice of meeting is 34 cents per Share; and
- f) the average current risk free interest rate is 3.25%.

On this basis, the implied "value" being received by the Related Party is 22.70 cents per Option. The total value of the options proposed to be issued to under Resolution is \$794,500.

## **8.7 Trading History**

The market price of shares in the Company will normally determine if the Options are exercised. If the Company's shares are trading on the ASX at a price that is higher than the exercise price of the options, there may be a perceived cost to the Company.

Over the last 12 months the Shares have traded between 27 cents per Share (lowest) and 84 cents per Share (highest). The latest trading price available at the time of preparing this Notice of Meeting was 34 cents per Share.

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## **9 RESOLUTION 10 – APPROVE THE EXECUTION OF DIRECTORS DEEDS OF ACCESS, INDEMNITY AND INSURANCE**

### **9.1 Deeds of Access, Indemnity and Insurance**

The Directors propose that the Company enter into deeds of access, indemnity and insurance (Deeds) with each of the present Directors and Officers of the Company.

The purpose of Resolution 10 is to enable the Company to enter into the Deeds which will provide each Director or Officer with a reasonable level of protection in relation to claims made against a Director or Officer acting as a Director or Officer of the Company.

Given their duties and responsibilities as Directors and Officers of a public company and their potential liabilities, the Directors consider it appropriate that they directors and officers be suitably protected from certain claims made against them. The proposed protection will not extend to the extent it is prohibited by the Corporations Act. A person may be called to account for his or her actions several years after ceasing to be a Director or Officer of a company. Accordingly, it is considered reasonable that suitable protection should extend for a period of time after a Director or Officer has ceased to be a Director or Officer of the Company.

It is generally recognised that a former Director or Officer of a company may face considerable difficulty in properly answering or defending any claim made against him or her, particularly, as is often the case, where the claim is brought after the Director or Officer ceases to hold office.

Difficulties may arise by reason of the following:

- (a) No indemnity after directorship ends - While a company's constitution provides Directors and Officers with an indemnity in respect of claims made while they remain a Director or Officer, arguably, that indemnity ceases when the directorship ends. Without the benefit of an indemnity, the cost of defending such a claim in respect of the actions of a Director or former Director or Officer or former Officer, even if the claim is ultimately proven to be without merit, can be considerable and beyond the financial resources of the individual Director or Officer.
- (b) Maintenance of insurance policies - Directors' and Officers' insurance policies generally only provide cover for claims made during the currency of the insurance policy, i.e. while insurance premiums continue to be paid on the policy. Generally,

unless insurance premiums continue to be paid after the time a person ceases to be a Director or Officer, claims made after cessation of the directorship will not be covered by the insurance policy. The cost to a former Director or Officer of personally maintaining insurance cover after ceasing to be a Director or Officer can be prohibitive; particularly given the number of years for which insurance must be maintained and given the former Director or Officer will no longer be receiving any income from the Company.

- (c) Access to board papers - Directors have a statutory right to inspect the books of the Company:
- (i) whilst they hold office; and
  - (ii) for a period of 7 years after the Director ceases to hold office, at all reasonable times for the purpose of a legal proceeding to which the Director is a party, that the Director proposes in good faith to bring or that the Director has reason to believe will be brought against him or her. This right is narrow, and may not extend to all records to which the former Director reasonably requires access, and may not apply in all circumstances in which the former Director reasonably requires access. Officers do not have a similar entitlement.

Given these difficulties a person may be unwilling to become or to remain as a Director or Officer of a public company without suitable protection being provided by the Company. The benefit to the Company in providing such protection is that it will continue to be able to attract persons of suitable expertise and experience to act as Directors and Officers.

## **9.2 Summary of the Deeds of Access, Indemnity and Insurance**

The Company will, subject to Shareholder approval, enter into Deeds, which will require:

- (a) the Company to indemnify each Director or Officer during the period of his or her directorship or officer and after the cessation of his directorship or office, in respect of certain claims made against that Director or Officer in his or her capacity as a Director or Officer of the Company to the extent allowable under the Corporations Act;
- (b) the Company to use its reasonable endeavours (subject to cost and availability) to maintain an insurance policy and pay the premiums of insurance as assessed at market rates applicable from time to time, to the extent available under the Corporations Act, for each Director or Officer in respect of certain claims made against him or her in his or her capacity as a Director or Officer of the Company and to continue to pay those premiums for a period of up to 7 years following the termination of his or her directorship;
- (c) that if the Company cannot procure an insurance policy for a Director or Officer at a reasonable cost it shall advise such Director or Officer who may refer the matter to an expert (whose decision shall be final and binding on the parties) for determination that the Company has not used its reasonable endeavours and the expert may direct the Company to obtain an insurance policy on the best available terms; and
- (d) the Company to provide each Director or Officer with access, upon ceasing for any reason to be a Director or Officer of the Company and for a period of up to 7 years following that cessation, to any the Company records which are either prepared by or provided to the Director or Officer during the period during which the person was a Director or Officer of the Company. The Deed will also require each Director or Officer to maintain confidentiality and to protect the Company's intellectual property.

## **9.3 Summary of indemnity and insurance provisions in the Corporations Act**

In considering Resolution 10, Shareholders should be aware of the following limitations in the Corporations Act concerning the provision of indemnities and insurance to the Company's officers. The Deeds for which Shareholder approval is sought under Resolution 10, complies with these limitations.

- (a) Section 199A of the Corporations Act - The Corporations Act now sets out specific prohibitions to the Company's ability to grant indemnities for liabilities and legal costs. The Company is prohibited from indemnifying its officers against a liability if it is a liability:
- (iii) to the Company or any of its related bodies corporate;
  - (iv) to a third party that arose out of conduct involving a lack of good faith; or
  - (v) for a pecuniary penalty order or a compensation order under the Corporations Act (such orders being made for breaches such as breaches of director's duties, the related party rules and insolvent trading rules).

The Company is also prohibited from indemnifying its officers against legal costs incurred:

- (i) in defending actions where an officer is found liable for a matter for which he or she cannot be indemnified by the Company as set out immediately above;
  - (ii) in defending criminal proceedings where the officer is found guilty;
  - (iii) in defending proceedings brought by the ASIC or a liquidator for a court order if the grounds for making the order are found by the court to be established; or
  - (iv) in connection with proceedings for relief to the director under the Corporations Act where the court denies the relief.
- (b) Section 199B of the Corporations Act - If the Company, or a related body corporate of the Company, pays the premium on an insurance policy in favour of a Director, then section 199B of the Corporations Act requires the Company to ensure that the relevant contract of insurance does not cover liabilities incurred by the officer arising out of conduct involving either:
- (i) a wilful breach of duty in relation to the Company; or
  - (ii) contravention of the provisions relating to an officer making improper use of information or improper use of his or her position for his or her advantage or gain, or to the detriment of the Company.

#### **9.4 Shareholder approval**

To enable the Company to enter into a Deed with each Director or Officer, Resolution 10 seeks Shareholder approval in accordance with the following provisions of the Corporations Act:

- (a) Section 200B of the Corporations Act - Section 200B of the Corporations Act relevantly provides that the Company cannot give a benefit to a Director or Officer in connection with the retirement of that Director or Officer from his or her office, without member approval of the Company.

The Directors consider that as the:

- (i) proposed payment of insurance premiums;
- (ii) benefit of the indemnity in relation to liabilities incurred during the period a Director holds office; and
- (iii) Director's access to Company records, continues for a period of up to 7 years after the Director ceases to hold office,

this may be viewed as the provision of a benefit given 'in connection with' the Director's retirement from the Board or Officer from office for the purposes of section 200B of the

Corporations Act. The insurance premiums under each Deed will be calculated at the market rates applicable from time to time. A copy of all Company documents will be kept at the Company's registered office and made available for inspection and copying by each Director or Officer for a period of 7 years after he or she ceases to hold office, for whatever reason.

(b) Section 208 of the Corporations Act - Chapter 2E of the Corporations Act prohibits a public company, or an entity that the public company controls, from giving a financial benefit to a related party of the public company unless either:

- (i) the giving of the financial benefit falls within one of the nominated exceptions to the provision (e.g. section 212); or
- (ii) prior shareholder approval of the public company is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, each of the Directors of the Company is considered to be a related party of the Company. The provision of insurance and indemnity to existing and future Directors may involve the provision of a financial benefit to related parties of the Company within the prohibition provided by Chapter 2E of the Corporations Act. The Directors consider that, although the payment of insurance premiums and the provision of indemnities by the Company are 'reasonable in the circumstances' of the Company and therefore are exceptions from the prohibition in Chapter 2E of the Corporations Act, consideration of the reasonable nature of the provision of any indemnity or insurance is an appropriate matter for the Shareholders of the Company.

In accordance with section 219 of the Corporations Act, the following information is provided to Shareholders to allow them to assess the proposed resolution:

- (i) The Company has an insurance policy which provides insurance cover for each Director against all permitted liabilities incurred by Directors acting as a Director of the Company.
- (ii) The insurance premiums payable each year will be calculated at market rates applicable from time to time, if insurance is available.
- (iii) Each Director is a related party of the Company to whom the proposed resolutions would permit the giving of a benefit.
- (iv) The nature of the benefit to be given to each of the Directors is the benefit under the Deed, the terms of which are summarised in section 9.2 of the Explanatory Statement.
- (v) None of the Directors are entitled to or wish to make a recommendation to Shareholders about the proposed resolution as each holds an interest in the benefit proposed to be given by the Company to each of them, as each is a proposed party to the Deeds.
- (vi) Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the benefits contemplated by the proposed resolution.
- (vii) The reasons and basis for the benefit are set out in section 9.1 of the Explanatory Statement.
- (viii) The Chairman will not cast undirected votes on Resolution 10.

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## **10 SPECIAL RESOLUTION 11 – APPROVAL OF CANCELLATION OF SHARES**

### **10.1 Background**

Resolution 11 seeks Shareholder approval for the cancellation of 2,125,000 shares pursuant to the Deed of Amendment entered into by the affected parties on 25 August 2010.

Resolution 11 is a special resolution, and therefore requires not less than 75% of all votes cast on the Resolution to be in favour of the Resolution for it to be passed. Resolution 11 will only come into effect if Resolution 1 at the Special Meeting is passed by the requisite majorities.

### **10.2 Corporations Act**

Section 256B (1) of the Corporations Act provides that a company may reduce its share capital in a way that is not otherwise authorised by the Corporations Act if the reduction:

- (a) is fair and reasonable to the company's members as a whole; and
- (b) does not materially prejudice the company's ability to pay its creditors; and
- (c) is approved by members under s256C.

The Directors believe that the capital reduction as agreed is fair and reasonable to shareholders for the following reasons:

- the capital reduction will only result in the cancellation of the Shares issued to the original vendors when the Company originally acquired 100% of the interest rights and obligation of ATP-587-P from those vendors;
- the Company advised on 27 August 2010 that it had resolved to withdraw from the ATP-587-P joint venture arrangement and surrender the tenement. This withdrawal was the result of a decision by the Company to focus on the Tarfaya and Turtle/Barnett projects which offered a higher upside than ATP-587-P;
- as part of the surrender of ATP-587-P, the original vendors of the project agreed to the cancellation of the Shares by entering into a Deed of Amendment dated 25 August 2010;
- no monetary consideration is payable by the Company in respect of the cancellation of the Shares (the consideration was the Company's entry into the Deed of Amendment);
- the reduction in capital will not prejudice the Company's ability to pay its creditors.

Section 256C(2) of the Corporations Act requires that in order for a reduction of capital to be completed, the capital reduction must be approved by a special resolution passed at a meeting of the shareholders whose shares are to be cancelled. The Special Meeting is being held for this purpose, and the only parties entitled to attend and vote at the Special Meeting are the Adenmere Pty Ltd and Prospect Evaluation Pty Ltd Shareholders.

### **10.3 Summary of and Effect of Proposed Selective Capital Reduction**

The overall effect of the selective capital reduction and cancellation of the Cancellation Shares (but not taking into account any of the other issues to be considered at the General Meeting) is as follows:

	<i>Existing Capital Structure Number</i>	<i>After Selective Reduction of Capital</i>
Fully paid ordinary shares	115,417,360	113,292,360
Listed Options expiring 31 October 2013 @ \$0.16	44,199,645	44,199,645
Unlisted Options expiring 19 July 2014 @ \$0.22	1,000,000	1,000,000
Unlisted Options expiring 16 December 2014 @ \$0.60	6,000,000	6,000,000
Unlisted Options expiring 16 December 2014 @ \$0.22	1,000,000	1,000,000
Unlisted Options expiring 2 April 2015 @ \$0.50	500,000	500,000
Unlisted Options expiring 2 April 2015 @ \$0.60	3,274,124	3,274,124
Unlisted Options expiring 2 April 2015 @ \$0.70	3,500,000	3,500,000
Unlisted Options expiring 10 April 2016 @ \$0.70	300,000	300,000

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## **11 SPECIAL RESOLUTION 1 – APPROVAL OF CANCELLATION OF SHARES**

### **11.1 Background**

As outlined above, Section 256C(2) of the Corporations Act requires that in order for a reduction of capital to be completed, the capital reduction must be approved by a special resolution passed at a meeting of the shareholders whose shares are to be cancelled. The Special Meeting is being held for this purpose, and the only parties entitled to attend and vote at the Special Meeting are Adenmere Pty Ltd and Prospect Evaluation Pty Ltd Shareholders.

Details of the proposed transaction are outlined in Resolution 11 above, and the Company considers that all other information has been made available to Adenmere Pty Ltd and Prospect Evaluation Pty Ltd Shareholders at the time that both parties entered into the Deed of Amendment with the Company.

Resolution 1 to be considered at the Special Meeting is a special resolution, and therefore requires not less than 75% of all votes cast on the Resolution to be in favour of the Resolution for it to be passed.

## **Annexure 'A'**

### **Terms and Conditions *Options to be granted***

- (a) Each Option entitles the holder to subscribe for and be allotted one ordinary fully paid share in the capital of the company.
- (b) The Options are exercisable at a price of 25.6 cents.
- (c) The Options will be unquoted and expire three years from the date of issue.
- (d) The Options are exercisable at any time on or prior to the expiry date by notice in writing to the directors of the company accompanied by payment of the exercise price.
- (e) The Options are transferable.
- (f) All shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then existing ordinary fully paid shares. The Company will apply for Official Quotation by the ASX of all shares issued upon exercise of the Options.
- (g) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options. However, if from time to time on or prior to the expiry date the company makes an issue of new shares to the holders of ordinary fully paid shares, the company will send a notice to each holder of Options at least nine (9) Business Days before the record date referable to that issue. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (h) If there is a bonus issue to the holders of the underlying securities, the number of securities over which the Options exercisable may be increased by the number of securities which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.  
  
This rule does not apply to Options issued pro rata on the same terms as Options already on issue.
- (i) There is no right to a change in the exercise price of the Options or to the number of shares over which the Options are exercisable in the event of a new issue of capital (other than a bonus issue) during the currency of the Options.
- (j) In the event of any reorganisation of the issued capital of the company on or prior to the expiry date, the rights of an Optionholder will be changed to the extent necessary to comply with the applicable ASX Listing Rules in force at the time of the reorganisation.

## **Annexure 'B'**

### **Terms and Conditions *Options to be granted***

- (a) Each Option entitles the holder to subscribe for and be allotted one ordinary fully paid share in the capital of the company.
- (b) The Options are exercisable at a price of 24.2 cents.
- (c) The Options will be unquoted and expire three years from the date of issue.
- (d) The Options are exercisable at any time on or prior to the expiry date by notice in writing to the directors of the company accompanied by payment of the exercise price.
- (e) The Options are transferable.
- (f) All shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then existing ordinary fully paid shares. The Company will apply for Official Quotation by the ASX of all shares issued upon exercise of the Options.
- (g) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options. However, if from time to time on or prior to the expiry date the company makes an issue of new shares to the holders of ordinary fully paid shares, the company will send a notice to each holder of Options at least nine (9) Business Days before the record date referable to that issue. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (h) If there is a bonus issue to the holders of the underlying securities, the number of securities over which the Options exercisable may be increased by the number of securities which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.  
  
This rule does not apply to Options issued pro rata on the same terms as Options already on issue.
- (i) There is no right to a change in the exercise price of the Options or to the number of shares over which the Options are exercisable in the event of a new issue of capital (other than a bonus issue) during the currency of the Options.
- (j) In the event of any reorganisation of the issued capital of the company on or prior to the expiry date, the rights of an Optionholder will be changed to the extent necessary to comply with the applicable ASX Listing Rules in force at the time of the reorganisation.

## **Annexure 'C'**

### **Terms and Conditions Options to be granted**

- (a) Each Option entitles the holder to subscribe for and be allotted one ordinary fully paid share in the capital of the company.
- (b) The Options are exercisable at a price of 28 cents.
- (c) The Options will be unquoted and expire three years from the date of issue.
- (d) The Options are exercisable at any time on or prior to the expiry date by notice in writing to the directors of the company accompanied by payment of the exercise price.
- (e) The Options are transferable.
- (f) All shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then existing ordinary fully paid shares. The Company will apply for Official Quotation by the ASX of all shares issued upon exercise of the Options.
- (g) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options. However, if from time to time on or prior to the expiry date the company makes an issue of new shares to the holders of ordinary fully paid shares, the company will send a notice to each holder of Options at least nine (9) Business Days before the record date referable to that issue. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (h) If there is a bonus issue to the holders of the underlying securities, the number of securities over which the Options exercisable may be increased by the number of securities which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.  
  
This rule does not apply to Options issued pro rata on the same terms as Options already on issue.
- (i) There is no right to a change in the exercise price of the Options or to the number of shares over which the Options are exercisable in the event of a new issue of capital (other than a bonus issue) during the currency of the Options.
- (j) In the event of any reorganisation of the issued capital of the company on or prior to the expiry date, the rights of an Optionholder will be changed to the extent necessary to comply with the applicable ASX Listing Rules in force at the time of the reorganisation.

## **Annexure 'D'**

### **Terms and Conditions *Options to be granted***

- (a) Each Option entitles the holder to subscribe for and be allotted one ordinary fully paid share in the capital of the company.
- (b) The Options are exercisable at a price of 28 cents.
- (c) The Options will be issued in two tranches as set out below:
  - (1) 2,000,000 Options to be escrowed for 12 months from the date of the issue; and
  - (2) 1,500,000 Options with a vesting condition that the Company must acquire two additional Material Assets in Africa during the term of the Options.
- (d) The Options will be unquoted and expire three years from the date of issue.
- (e) The Options are exercisable at any time on or prior to the expiry date by notice in writing to the directors of the company accompanied by payment of the exercise price.
- (f) The Options are transferable.
- (g) All shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then existing ordinary fully paid shares. The Company will apply for Official Quotation by the ASX of all shares issued upon exercise of the Options.
- (h) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options. However, if from time to time on or prior to the expiry date the company makes an issue of new shares to the holders of ordinary fully paid shares, the company will send a notice to each holder of Options at least nine (9) Business Days before the record date referable to that issue. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (i) If there is a bonus issue to the holders of the underlying securities, the number of securities over which the Options exercisable may be increased by the number of securities which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.

This rule does not apply to Options issued pro rata on the same terms as Options already on issue.
- (j) There is no right to a change in the exercise price of the Options or to the number of shares over which the Options are exercisable in the event of a new issue of capital (other than a bonus issue) during the currency of the Options.
- (k) In the event of any reorganisation of the issued capital of the company on or prior to the expiry date, the rights of an Optionholder will be changed to the extent necessary to comply with the applicable ASX Listing Rules in force at the time of the reorganisation.

## **GLOSSARY**

<b>\$ or A\$</b>	Australian dollars unless otherwise specified.
<b>ASIC</b>	The Australian Securities and Investments Commission.
<b>ASX</b>	ASX Limited or the market operated by that entity.
<b>Board</b>	the Board of Directors of the Company.
<b>Chairman</b>	the Chairman of the Company's meetings of Shareholders as appointed in accordance with the Company's constitution from time to time.
<b>Company</b>	Tangiers Petroleum Limited
<b>Corporations Act</b>	the <i>Corporations Act 2001</i> (Cth).
<b>Director</b>	Director of the Company.
<b>Explanatory Statement</b>	the explanatory statement that accompanies this Notice of Meeting.
<b>GBPE</b>	Pounds sterling unless otherwise specified.
<b>Listing Rules</b>	the Listing Rules of the ASX.
<b>Material Asset</b>	an asset which has a value of not less than USD\$5 million as determined by an independent valuer appointed by the Company.
<b>Meeting or General Meeting</b>	the general meeting of Shareholders convened by the Notice of Meeting.
<b>Notice or Notice of Meeting</b>	this Notice of Meeting.
<b>Officer</b>	Officer of the Company.
<b>Option</b>	an Option to acquire a Share.
<b>Optionholder</b>	holder of an Option in the company.
<b>Proxy Form</b>	the proxy form accompanying the Notice of Meeting.
<b>Resolution</b>	a resolution set out in the Notice of Meeting.
<b>Share</b>	fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	holder of a Share in the Company.
<b>Shareholding</b>	the aggregate of Shares held by a Shareholder.
<b>Special Meeting</b>	the special meeting of certain shareholders convened by this Notice of Meeting.
<b>WST</b>	Western Standard Time.

**Lodge your vote:**



**By Mail:**

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

**For all enquiries call:**

(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

000001 000 TPT  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Proxy Form

**For your vote to be effective it must be received by 10.00 am (WST) Wednesday 14 November 2012**

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the information tab, "Downloadable forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**Turn over to complete the form →**



View and update your securityholder information, 24 hours a day, 7 days a week:

**[www.investorcentre.com](http://www.investorcentre.com)**

**Review your securityholding**

**Update your securityholding**

**Your secure access information is:**

**SRN/HIN: I999999999**



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Tangiers Petroleum Limited hereby appoint

the Chairman of the meeting OR

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Tangiers Petroleum Limited to be held at Country Woman's Association House Meeting Room, 1176 Hay Street, West Perth on Friday, 16 November 2012 at 10.00 am (WST) and at any adjournment or postponement of that Meeting.

**Important for Resolutions 7, 9 & 10:** If the Chairman of the Meeting is your proxy and you have not directed the Chairman how to vote on Resolutions 7, 9 & 10 below, please mark the box in this section. If you do not mark this box and you have not otherwise directed your proxy how to vote on Resolutions 7, 9 & 10, the Chairman of the Meeting will not cast your votes on Resolutions 7, 9 & 10 and your votes will not be counted in computing the required majority if a poll is called on these items. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolutions 7, 9 & 10.

I/We acknowledge that the Chairman of the Meeting may exercise my/our proxy even if the Chairman has an interest in the outcome of Resolutions 7, 9 & 10 and that votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest.

## STEP 2 Items of Business

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

### ORDINARY BUSINESS

	For	Against	Abstain
Resolution 1 Ratification of previous issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Ratification of previous issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Ratification of previous issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Approval of issue of Options to Old Park Lane Capital PLC	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Approval of Issue of Options to Old Park Lane Capital PLC	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Approval of the proposed issue of Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 Approval of the proposed issue of Options to Ms Eve Howell as Executive Chairman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 Approval of the proposed issue of Options to Mr Max de Vietri as Non-Executive Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9 Approval of the proposed issue of Options to EMR Resources Pty Ltd ACN 153 975 387	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10 Approval of the Execution of Directors Deeds Of Access, Indemnity and Insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11 Approval of cancellation of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /

TPT

1 5 6 3 2 2 A

Computershare +

## CORPORATE REPRESENTATIVE FORM

### Shareholder Details

This is to certify that by a resolution of the Directors of:

..... (*Company*),  
Insert name of shareholder company

the Company has appointed:

.....  
Insert name of corporate representative

in accordance with the provisions of section 250D of the *Corporations Act 2001*, to act as the body corporate representative of that company at the meeting of the members of Tangiers Petroleum Limited to be held on 16 November 2012 and at any adjournments of that meeting.

DATED ..... 2012

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### Please sign here

Executed by the Company )  
in accordance with its constituent )  
documents )

.....  
Signed by authorised representative

.....  
Signed by authorised representative

.....  
Name of authorised representative (print)

.....  
Name of authorised representative (print)

.....  
Position of authorised representative (print)

.....  
Position of authorised representative (print)

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### Instructions for Completion

- Insert name of appointor Company and the name or position of the appointee (e.g. "John Smith" or "each director of the Company").
- Execute the Certificate following the procedure required by your Constitution or other constituent documents.
- Print the name and position (e.g. director) of each company officer who signs this Certificate on behalf of the company.
- Insert the date of execution where indicated.
- Send the Certificate to Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne, Victoria 3001 Australia