
BUXTON RESOURCES LIMITED

ABN 86 125 049 550

SUPPLEMENTARY EXPLANATORY STATEMENT

to the Notice of General Meeting to be held at 12 noon (WST) on Thursday, 26 May 2011 at RSM Bird Cameron, 8 St George's Terrace, Perth, Western Australia

This Supplementary Explanatory Statement should be read in its entirety and in conjunction with the Notice of Meeting and Explanatory Statement dated 4 April 2011. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters please do not hesitate to contact the Company Secretary on (+61 8) 9380 6063.

SUPPLEMENTARY EXPLANATORY STATEMENT TO NOTICE OF MEETING DATED 4 APRIL 2011

This Supplementary Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting to be held at 12 noon (WST) on 26 May 2011 at RSM Bird Cameron, 8 St Georges Terrace, Perth Western Australia.

This Supplementary Explanatory Statement should be read in its entirety and in conjunction with the Notice of Meeting ("**Notice**") and Explanatory Statement ("**Explanatory Statement**") dated 4 April 2011. The purpose of this Supplementary Explanatory Statement is to provide supplementary information to Shareholders in deciding whether or not to pass Resolutions 2 to 4 in the Notice.

Refer to the Glossary of this Supplementary Explanatory Statement for defined terms used in this Supplementary Explanatory Statement. Unless otherwise stated, defined terms in the Notice and Explanatory Statement have the same meaning when used in this Supplementary Explanatory Statement.

RESOLUTIONS 2 TO 4: ISSUE OF PERFORMANCE RIGHTS TO DIRECTORS

1. Background to amending the terms of the Performance Rights

Resolutions 2 to 4 seek Shareholder approval for the issue of Performance Rights to Directors pursuant to Chapter 2E of the Corporations Act and ASX Listing Rule 10.14.

When the original Performance Rights package was designed, there was an expectation that the Share price would be in the vicinity of the price of the recent rights issue of 22 cents. Given the current higher Share price, the Directors feel it is in the best interests of Shareholders to amend the terms of Performance Rights by issuing them in 3 tranches with each tranche having a higher vesting performance hurdle (40 cents, 50 cents and 60 cents respectively) and to issue less Performance Rights.

Previously Anthony Maslin (Resolution 2) was to receive 1,500,000 Performance Rights with a vesting performance hurdle of 35 cents. It is now proposed that by Resolution 2 he will receive 300,000 Tranche 1 Performance Rights, 400,000 Tranche 2 Performance Rights and 300,000 Tranche 3 Performance Rights.

Previously Seamus Cornelius (Resolution 3) was to receive 500,000 Performance Rights with a vesting hurdle of 35 cents. It is now proposed that by Resolution 3 he will receive 100,000 Tranche 1 Performance Rights, 100,000 Tranche 2 Performance Rights and 100,000 Tranche 3 Performance Rights.

Previously Sam Wright (Resolution 4) was to receive 250,000 Performance Rights with a vesting hurdle of 35 cents. It is now proposed he will receive 50,000 Tranche 1 Performance Rights, 100,000 Tranche 2 Performance Rights and 50,000 Tranche 3 Performance Rights.

Resolutions 2, 3 and 4 of the Notice are still valid in their current form. For instance, Resolution 2 seeks that Shareholders approve the issue of "up to" 1,500,000 Performance Rights to Anthony Maslin on the terms and conditions described in the Explanatory Statement. If Resolution 2 is passed, the Directors will only issue 1,000,000 Performance Rights to Anthony Maslin in the tranches as set out in this Supplementary Explanatory Statement.

Set out below is the supplementary information that replaces the relevant information under the same headings in the Explanatory Statement.

2. The Nature of the Financial Benefit

The Company proposes to issue Performance Rights to each of Mr Anthony Maslin, Mr Seamus Cornelius and Mr Sam Wright or their respective nominees which Performance Rights will result in the issue of Shares in certain circumstances. The terms of the Performance Rights are set out in Annexure 1 of this Supplementary Explanatory Statement.

The recipients will not be required to pay anything for the issue of the Performance Rights. The maximum number of Performance Rights proposed to be issued is as follows:

Mr Anthony Maslin -	1,000,000
Mr Seamus Cornelius –	300,000
Mr Sam Wright –	200,000

The Performance Rights have been valued on behalf of the Company using the binomial option pricing model, where each Performance Right is a "barrier up and in share option" which vests once the "barrier price" under each tranche is met. For the purposes of the valuation the following assumptions were used:

- (a) Underlying Share price of 27 cents (being the closing Share price at 18 April 2011);
- (b) A nil conversion or exercise price;
- (c) Total period of 3 years after the meeting for the vesting performance hurdles to be met;
- (d) An estimated volatility factor of 100% reflective of future volatility of the Shares of the Company over the 3 year life of the rights;
- (e) A risk free rate of 5.14% being the Commonwealth Government 3 year bond rate at 15 April 2011;
- (f) A nil dividend yield; and
- (g) A barrier price of 40 cents for the Tranche 1 Performance Rights, 50 cents for the Tranche 2 Performance Rights and 60 cents for Tranche 3 Performance Rights.

Based on the above assumptions, independent accountants RSM Bird Cameron Corporate Pty Ltd have determined that the value of each tranche of the Performance Right is as follows:

	Mr Maslin	Mr Cornelius	Mr Wright
Number of Rights (Tranche 1)	300,000	100,000	50,000
Value per Right	25.64 cents	25.64 cents	25.64 cents
Total Value of Tranche 1	\$76,920	\$25,640	\$12,820
Number of Rights (Tranche 2)	400,000	100,000	100,000
Value per Right	24.65 cents	24.65 cents	24.65 cents
Total Value of Tranche 2	\$98,600	\$24,650	\$24,650
Number of Rights (Tranche 3)	300,000	100,000	50,000
Value per Right	23.72 cents	23.72 cents	23.72 cents
Total Value of Tranche 3	\$71,160	\$23,720	\$11,860
Total Value of Rights	\$246,680	\$74,010	\$49,330

3. Dilution

The passing of Resolutions 2, 3 and 4 would have the effect of issuing up to 1,500,000 Performance Rights.

If Performance Rights vest, Shares will issue which will have the effect of diluting the shareholding of existing Shareholders. If all the 1,500,000 Performance Rights vest so that 1,500,000 Shares are issued, the effect would be to dilute the shareholding of existing Shareholders by approximately 3.61% based on the current number of Shares of 40,050,012.

4. Historical share price information

Shares will be issued upon the vesting of Performance Rights. The trading price of Shares for the 12 months prior to the date this document was lodged with ASIC is as follows:

	Price	Date
Highest	37 cents	12/1/11
Lowest	7 cents	10/2/10
Last	27 cents	18/4/11

5. Information Required by ASX Listing Rules

For the purposes of ASX Listing Rule 10.14 and 10.15A the following information is provided:

- (a) Up to 1,000,000 Performance Rights may be issued by the Company to Mr Anthony Maslin or his nominee. Up to 300,000 Performance Rights may be issued by the Company to Mr Seamus Cornelius or his nominee. Up to 200,000 Performance Rights may be issued by the Company to Mr Sam Wright or his nominee. The terms of the Performance Rights are set out in Annexure 1 to this Supplementary Explanatory Statement.
- (b) The maximum aggregate number of Performance Rights that may to be issued pursuant to these Resolutions is 1,500,000.

6. Action to be taken by Shareholders

Shareholders should read the Notice, Explanatory Statement and this Supplementary Explanatory Statement carefully before deciding how to vote on the Resolutions. A proxy form is attached to the Notice.

GLOSSARY

In this Supplementary Explanatory Statement:

Performance Right means a right to acquire a Share on the terms set out in Annexure 1 being either a Tranche 1 Performance Right, Tranche 2 Performance Right or Tranche 3 Performance Right.

Supplementary Explanatory Statement means this supplementary explanatory statement.

Tranche 1 Performance Right means a right to acquire a Share on the terms set out in Annexure 1.

Tranche 2 Performance Right means a right to acquire a Share on the terms set out in Annexure 1.

Tranche 3 Performance Right means a right to acquire a Share on the terms set out in Annexure 1.

ANNEXURE 1

Terms of Tranche 1 Performance Rights (Resolutions 2, 3 and 4)

The material terms of the Performance Rights the subject of Resolutions 2, 3 and 4 are:

1. The Performance Rights are non-transferable.
2. The Performance Rights do not confer any entitlement to attend or vote at meetings of the Company, to dividends, to participation in new issues of securities or entitlement to participate in any return of capital.
3. The Performance Rights vest upon the satisfaction of the following performance hurdle within 3 years of the issue of the Performance Rights:

The Shares trade at a volume weighted average price of at least 40 cents per Share for a consecutive period of at least 30 Business Days.

4. The Performance Rights lapse if the performance hurdle is not satisfied within 3 years of the issue of the Performance Rights.
5. Upon vesting, one (1) Share will be issued for every one (1) Performance Right. The Shares will rank equally in all respects with the existing Shares.
6. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the vesting date, the number of Performance Rights will be reconstructed in a manner consistent with the ASX Listing Rules.

Terms of Tranche 2 Performance Rights (Resolutions 2, 3 and 4)

The material terms of the Performance Rights the subject of Resolutions 2, 3 and 4 are:

1. The Performance Rights are non-transferable.
2. The Performance Rights do not confer any entitlement to attend or vote at meetings of the Company, to dividends, to participation in new issues of securities or entitlement to participate in any return of capital.
3. The Performance Rights vest upon the satisfaction of the following performance hurdle within 3 years of the issue of the Performance Rights:

The Shares trade at a volume weighted average price of at least 50 cents per Share for a consecutive period of at least 30 Business Days.

4. The Performance Rights lapse if the performance hurdle is not satisfied within 3 years of the issue of the Performance Rights.
5. Upon vesting, one (1) Share will be issued for every one (1) Performance Right. The Shares will rank equally in all respects with the existing Shares.
6. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the vesting date, the number of Performance Rights will be reconstructed in a manner consistent with the ASX Listing Rules.

Terms of Tranche 3 Performance Rights (Resolutions 2, 3 and 4)

The material terms of the Performance Rights the subject of Resolutions 2, 3 and 4 are:

1. The Performance Rights are non-transferable.
2. The Performance Rights do not confer any entitlement to attend or vote at meetings of the Company, to dividends, to participation in new issues of securities or entitlement to participate in any return of capital.
3. The Performance Rights vest upon the satisfaction of the following performance hurdle within 3 years of the issue of the Performance Rights:

The Shares trade at a volume weighted average price of at least 60 cents per Share for a consecutive period of at least 30 Business Days.

4. The Performance Rights lapse if the performance hurdle is not satisfied within 3 years of the issue of the Performance Rights.
5. Upon vesting, one (1) Share will be issued for every one (1) Performance Right. The Shares will rank equally in all respects with the existing Shares.
6. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the vesting date, the number of Performance Rights will be reconstructed in a manner consistent with the ASX Listing Rules.