
BUXTON RESOURCES LIMITED

ABN 86 125 049 550

NOTICE OF ANNUAL GENERAL MEETING

TIME: 10:30am (WST)

DATE: Friday 23rd November 2012

PLACE: The Suite
210 Nicholson Road
Subiaco, Western Australia

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

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

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10:30am (WST) on Friday 23rd November 2012 at:

The Suite
210 Nicholson Road
Subiaco, Western Australia

YOUR VOTE IS IMPORTANT

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

VOTING IN PERSON

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

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- (a) post to Buxton Resources Limited, PO Box 9028, Subiaco, Western Australia 6008;
- (b) facsimile to the Company on facsimile number (+61 8) 9381 4056; or
- (c) email to jodi@buxtonresources.com.au

so that it is received not later than 10:30am (WST) on Wednesday 21st November 2012.

The enclosed Proxy Form provides further details on appointing proxies and lodging proxy forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company or its share registry in advance of the Annual General Meeting or handed in at the Annual General Meeting when registering as a corporate representative.

Importantly, if a Shareholder appoints the Chairperson or another member of the Company's Key Management Personnel as their proxy, that Shareholder must make a direction on how to vote in respect of Resolution 1 (Remuneration Report), otherwise the proxy will not be entitled to vote in respect of Resolution 1, and your Shares will not be voted on Resolution 1.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders will be held at 10:30am (WST) on Friday 23rd November 2012 at The Suite, 210 Nicholson Road, Subiaco, Western Australia.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company at 10:30am (WST) on Wednesday 21st November 2012.

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

AGENDA

ORDINARY BUSINESS

Financial Statements and Reports

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2012 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the remuneration report as contained in the Company's annual financial report for the financial year ended 30 June 2012."

Short Explanation: The Company is required to put a resolution to adopt the remuneration report of the Company at each annual general meeting. This is an advisory resolution only and does not bind the Directors or the Company.

Voting exclusion: A vote in respect of Resolution 1 must not be cast (in any capacity) by or on behalf of any of the following persons (the "voter"):

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

However, the voter may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described in paragraphs (a) or (b) and either:

- (c) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on Resolution 1; or
- (d) the voter is the Chairperson and the appointment of the Chairperson as proxy:
 - (i) does not specify the way the proxy is to vote on Resolution 1; and
 - (ii) expressly authorises the Chairperson to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a

member of the Key Management Personnel for the entity.

RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR SEAMUS CORNELIUS

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

“That, for the purposes of clause 6.3(c) of the Constitution and for all other proposes, Mr Cornelius, a Director who retires by rotation, and being eligible, is re-elected as a Director.”

RESOLUTION 3 – RE-ELECTION OF DIRECTOR – MR LIU XING ZHOU

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

“That, for the purposes of clause 6.3(i) of the Constitution and for all other proposes, Mr Liu, being a Director of the Company appointed since the last Annual General Meeting, offers himself for election and being eligible, is hereby elected as a Director of the Company.”

RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF SHARES TO MONTEZUMA MINING COMPANY LTD

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

“That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 1,000,000 Shares to Montezuma Mining Company Ltd on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion: The Company will disregard any votes cast on this Resolution by Montezuma Mining Company Ltd and any associates of those persons. However, the Company need 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 Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF SHARES TO NATIONAL BUSINESS HOLDINGS (VU) (NBH)

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

“That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 5,017,728 Shares to National Business Holdings (VU) (NBH) on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion: The Company will disregard any votes cast on this Resolution by National Business Holdings (VU) (NBH) and any associates of those persons. However, the Company need 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 Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 6 - APPROVAL TO ISSUE SHARES TO NATIONAL BUSINESS HOLDINGS (VU) (NBH) AT \$0.25

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, approval is given for the Company to issue 1,150,000 Shares in the Company to National Business Holdings (VU) (NBH) on the terms set out in the Explanatory Statement accompanying this Notice."

Voting exclusion: The Company will disregard any votes cast on this Resolution by National Business Holdings (VU) (NBH) and any associates of those persons. However, the Company need 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 Chairperson 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.

RESOLUTION 7 – ISSUE OF OPTIONS TO MR ANTHONY MASLIN

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

"That for the purposes of ASX Listing Rule 10.14 and section 208 of the Corporations Act, the Shareholders approve the issue of 1,100,000 Director Options to Mr Anthony Maslin, a director of the Company, or his nominee(s) on the terms and conditions described in the Explanatory Statement."

Voting exclusion: The Company will disregard any votes cast on this Resolution by a director of the Company and any associate of a director. However, the Company need 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 Chairperson 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.

Restriction on proxy voting by Key Management Personnel or Closely Related Parties: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
 - (b) the appointment does not specify the way the proxy is to vote on this Resolution.
- However, the above prohibition does not apply if:
- (c) the proxy is the chair of the meeting; and
 - (d) the appointment expressly authorises the Chairperson to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the entity.

RESOLUTION 8 – ISSUE OF OPTIONS TO MR SEAMUS CORNELIUS

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

“That for the purposes of ASX Listing Rule 10.14 and section 208 of the Corporations Act, the Shareholders approve the issue of 550,000 Director Options to Mr Seamus Cornelius, a director of the Company, or his nominee(s) on the terms and conditions described in the Explanatory Statement.”

Voting exclusion: The Company will disregard any votes cast on this Resolution by a director of the Company and any associate of a director. However, the Company need 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 Chairperson 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.

Restriction on proxy voting by Key Management Personnel or Closely Related Parties: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
 - (b) the appointment does not specify the way the proxy is to vote on this Resolution.
- However, the above prohibition does not apply if:
- (c) the proxy is the chair of the meeting; and
 - (d) the appointment expressly authorises the Chairperson to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the entity.

RESOLUTION 9 – ISSUE OF OPTIONS TO DR JULIAN STEPHENS

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

“That for the purposes of ASX Listing Rule 10.14 and section 208 of the Corporations Act, the Shareholders approve the issue of 650,000 Director Options to Dr Julian Stephens, a director of the Company, or his nominee(s) on the terms and conditions described in the Explanatory Statement.”

Voting exclusion: The Company will disregard any votes cast on this Resolution by a director of the Company and any associate of a director. However, the Company need 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 Chairperson 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.

Restriction on proxy voting by Key Management Personnel or Closely Related Parties: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the chair of the meeting; and
- (d) the appointment expressly authorises the Chairperson to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the entity.

RESOLUTION 10 – ISSUE OF OPTIONS TO MR LIU XING ZHOU

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

“That for the purposes of ASX Listing Rule 10.14 and section 208 of the Corporations Act, the Shareholders approve the issue of 200,000 Director Options to Mr Liu, a director of the Company, or his nominee(s) on the terms and conditions described in the Explanatory Statement.”

Voting exclusion: The Company will disregard any votes cast on this Resolution by a director of the Company and any associate of a director. However, the Company need 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 Chairperson 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.

Restriction on proxy voting by Key Management Personnel or Closely Related Parties: A person appointed as a proxy must not vote, on the basis of that appointment, on this

Resolution if:

- (a) the proxy is either:
 - (i) a member of Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the chair of the meeting; and
- (d) the appointment expressly authorises the Chairperson to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the entity.

RESOLUTION 11 – ISSUE OF OPTIONS TO CONSULTANTS

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

"That for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Shareholders approve the issue of a total of 385,000 Consultant Options to the Consultants named in the Explanatory Memorandum on the terms and conditions described in the Explanatory Statement."

Voting exclusion: The Company will disregard any votes cast on this Resolution by any of the Consultants, and anyone who might obtain a benefit from the proposed issue and any of their associates. However, the Company need 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 Chairperson 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.

RESOLUTION 12 – APPROVAL OF EMPLOYEE INCENTIVE PLAN

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

"That, for the purposes of ASX Listing Rule 7.2 Exception 9(b) and for all other purposes Shareholders approve the issue of securities under the "Buxton Employee Share Ownership Plan" 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 director of the Company and any associate of a director. However, the Company need 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 Chairperson 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.

RESOLUTION 13 – APPROVAL TO ISSUE OPTIONS TO CHANCELLOR ZEUSPAC AND ADVISORS

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

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue a total of 4,500,000 Options to Chancellor Zeuspac and the Advisors identified in the Explanatory Memorandum and on the terms set out in the Explanatory Statement accompanying this Notice."

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 Shares, if the Resolution is passed and any associates of such a person. However, the Company need 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 Chairperson 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.

RESOLUTION 14 – SECTION 195 APPROVAL

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

"That, for the purposes of section 195(4) of the Corporations Act and for all other purposes, Shareholders approve and authorise the Directors to complete the transaction as contemplated in this Notice."

Short Explanation: Approval of Resolutions 7 to 10 may result in the Directors having a "material personal interest" in the matters referred to in this Notice. In the absence of this Resolution 14, the Directors may not be able to form a quorum at any meetings necessary to carry out the transactions contemplated in this Notice. Accordingly, Shareholder approval is being sought to allow the Directors to form a quorum to implement the transactions contemplated in this Notice.

SPECIAL BUSINESS

RESOLUTION 15 – APPROVAL OF PROPORTIONAL TAKEOVER PROVISIONS

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

"That, for the purpose of Sections 136(2) and 648D of the Corporations Act and for all other purposes, Shareholders approve the amendment of the Constitution of the Company by replacing the current Schedule 5 of the Constitution with the inserting new Schedule containing Proportional Takeover Provisions as set out in Annexure D of this Notice to the Constitution."

Short Explanation: It is intended to insert the proposed Schedule 5 "Approval Required for Proportional Takeover" (as set out in Annexure D to this Notice).

Under the Corporations Act, a company may include provisions in its constitution to enable it to refuse to register shares acquired under a proportional takeover bid unless a resolution approving the bid is passed by the shareholders.

Where the approval of Shareholders is sought to include proportional takeover provisions in a constitution, the Corporations Act requires the Company to provide Shareholders with an explanation of the proposed proportional takeover approval provisions. That information is set out in the Explanatory Statement so that Shareholders may make an informed decision on whether to support or oppose the Resolution.

RESOLUTION 16 – APPROVAL OF ADDITIONAL PLACEMENT CAPACITY

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

"That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2, to be issued on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

Short Explanation: ASX Listing Rule 7.1A permits eligible entities to obtain shareholder approval to issue an additional 10% of the entities' issued ordinary securities during a 12 month period. Shareholder approval must be given by a special resolution (at least 75% approval) at an annual general meeting.

Voting exclusion: The Company will disregard any votes cast on this Special 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 Shareholder, if the Special Resolution is passed and any associates of those persons. However, the Company need not disregard a vote cast on this Special 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 Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

DATED: 22 OCTOBER 2012
BY ORDER OF THE BOARD



JODI HASLINGER
JOINT COMPANY SECRETARY

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at 10:30am (WST) on Friday 23rd November 2012 at The Suite, 210 Nicholson Road, Subiaco, Western Australia.

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

FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2012 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

In accordance with amendments to the Corporations Act the Company is no longer required to provide a hard copy of the Company's annual financial report to Shareholders unless a Shareholder has specifically elected to receive a printed copy. These amendments may result in reducing the Company's printing costs.

Whilst the Company will not provide a hard copy of the Company's annual financial report unless specifically requested to do so, Shareholders may view the Company annual financial report on its website at www.buxtonresources.com.au

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the Remuneration Report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company. The Board will take the outcome of the vote into consideration when reviewing remuneration practices and policies.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2012.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

Under the Corporations Act 2001, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a "**Spill Resolution**") that another general meeting be held within 90 days at which all of the Directors (other than the Managing Director) must go up for re-election. The Company encourages all Shareholders to cast their votes on Resolution 1 (Remuneration Report).

Any undirected proxies held by the Chairperson, other Directors or other Key Management Personnel or any of the Closely Related Party will not be voted on Resolution 1 (Remuneration Report).

Key Management Personnel of the Company are the Directors and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's Key Management Personnel for the financial year to 30 June 2012. Their Closely Related Parties are defined in the Corporations Act, and include certain of their family members, dependants and companies they control.

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on Resolution 1 (Remuneration Report) by marking either "For", "Against" or "Abstain" on the Proxy Form for Resolution 1.

RESOLUTIONS 2 – RE-ELECTION OF DIRECTOR – MR SEAMUS CORNELIUS

General

Clause 6.3 of the Constitution requires that the following Directors must retire at each annual general meeting:

- a) if the Company has three or more Directors, one third (or the number nearest one-third) of those Directors; and
- b) any Director (except a Managing Director) that has held office for three years since election or last re-election.

Further, clause 6.3 (e) of the Constitution states that the Directors to retire by rotation are to be the longest serving Directors, or if two Directors are appointed on the same day, those Directors determined by lot or as agreed between them.

A Director who retires by rotation under clause 6.3 (j) of the Constitution is eligible for re-election under clause 6.3 (j) of the Constitution.

Mr Cornelius retires in accordance with these provisions, and being eligible, offers himself for re-election as a Director.

Directors Recommendation

The Directors (other than Mr Cornelius, who makes no recommendation) recommend the re-election of Mr Cornelius as a Director.

RESOLUTIONS 3 – RE-ELECTION OF DIRECTOR – MR LIU XING ZHOU

General

Clause 6.3(i) of the Constitution allows the Directors to appoint at any time a person to be a Director as an addition to the existing Directors but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Any Director so appointed under clause 6.3(i) of the Constitution holds office only until the next following annual general meeting of Shareholders and is then eligible for re-election under clause 6.3 (j) of the Constitution.

Mr Liu retires in accordance with these provisions, and being eligible, offers himself for re-election as a Director.

Directors Recommendation

The Directors (other than Mr Liu, who makes no recommendation) recommend the re-election of Mr Liu as a Director.

RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF SHARES TO MONTEZUMA MINING COMPANY LTD

Resolution 4 seeks ratification under listing Rule 7.4 for the prior issue of 1,000,000 Shares to Montezuma Mining Company Ltd (**MZM**). The securities were issued to MZM on 20 June 2012 for the acquisition of an 85% interest in the Yalbra Graphite Project. These securities were issued to unrelated parties of the Company and within the 15% annual limit permitted by Listing Rule 7.1 and therefore without the need for Shareholder approval. The effect of Shareholders passing Resolution 4 and ratifying the issue will be to restore the Company's ability to issue further capital to the maximum 15% limit during the next 12 months.

Ratification under Listing Rule 7.4

Under Chapter 7 of the Listing Rules there are limitations on the capacity of a company to enlarge its capital by the issue of equity securities without shareholder approval.

Listing Rule 7.1 imposes a limit on the number of equity securities (including ordinary shares) that a company can issue or agree to issue without shareholder approval. Generally, a company may not, without shareholder approval, issue in any 12 month period, more than 15% of the number of shares on issue 12 months before the date of the issue.

Pursuant to Listing Rule 7.1, the prior approval of Shareholders was not required to issue the 1,000,000 Shares to Montezuma Mining Company Ltd because those Shares, when aggregated with securities issued in the previous 12 months (other than any securities issued with Shareholder approval), did not exceed 15% of the number of equity securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 provides that where a company in a general meeting subsequently approves a previous issue of securities (and provided that the previous issue did not breach ASX Listing Rule 7.1), those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

Accordingly, the Company is seeking ratification by Shareholders for the past issue of 1,000,000 Shares to Montezuma Mining Company Ltd in order to restore the Company's capacity to issue further securities in the next 12 months under Chapter 7 of the Listing Rules within the 15% limit.

Information required for Listing Rule 7.5

Listing Rule 7.5 requires that the following information be provided to Shareholders when seeking ratification pursuant to Listing Rule 7.4:

a) Number of Securities

The number of securities issued was 1,000,000 Shares.

b) The Price at which the Securities were issued

The Shares were issued at nil cost in consideration of the Company exercising its option to purchase 85% of the Yalbra Graphite Project.

c) The Names of the Allottees and the Dates of Allotment

The Shares were allotted on the 21st June 2012 and were issued to Montezuma Mining Company Ltd, who are not a related party.

d) The terms of the Securities

The Shares issued were fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue.

e) Use of the Funds Raised

The Shares were issued in consideration of the Company exercising its option to purchase 85% of the Yalbra Graphite Project and no funds were raised from the issue.

f) Voting Exclusion Statement

A voting exclusion statement has been included in the Notice of Annual General Meeting.

Recommendation

The Directors (other than Mr Cornelius who is also a director of Montezuma and declines to make a recommendation) recommend that Shareholders vote in favour of Resolution 4 as it provides the Company with the flexibility to issue up to the maximum number of securities permitted under Listing Rule 7.1 in the next 12 months (without further Shareholder approval), should it be required.

RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF SHARES TO NATIONAL BUSINESS HOLDINGS (VU) (NBH)

Resolution 5 seeks ratification under listing Rule 7.4 for the prior issue of 5,017,728 Shares to NBH.

Subscription Agreement

On the 7 September 2012, the Company announced on the ASX that it had executed a share subscription agreement (**Subscription Agreement**), and established a strategic relationship, with National Business Holdings (VU) (**NBH**). NBH is a private company and member of the National Business Holdings Group of Companies (**NBH Group**). Under the Subscription Agreement, NBH agreed to subscribe for 6,167,728 shares, and the Company agreed to issue to NBH, a total of 6,167,728 Shares (**Subscription Shares**) at an issue price of \$0.25 per Share to raise AU\$ 1,541,932.

Under the Subscription Agreement, the Subscription Shares were to be issued in two tranches. The first tranche of 5,017,728 Subscription Shares were issued to NBH on 12 September 2012 at an issue price of \$0.25 per Subscription Share and are the

subject of this Resolution 5. The second tranche of 1,150,000 Subscription Shares are to be issued subject to Shareholder approval and are the subject of Resolution 6.

Pursuant to the Subscription Agreement, NBH has agreed that the first tranche of subscription shares will be held in voluntary escrow until the date that is 6 months after the date of execution of the agreement. Whilst the second tranche of subscription shares will be held in voluntary escrow until the date that is 3 months after Shareholders approve the issue.

Ratification under Listing Rule 7.4

The effect of Shareholders passing Resolution 5 and ratifying the prior issue of 5,017,728 Shares to NBH will be to restore the Company's ability to issue further capital to the maximum 15% limit during the next 12 months.

Approval is being sought under Listing Rule 7.4. The effect of Listing Rule 7.4 and the benefits of refreshing the 15% limit are explained in the section above relating to Resolution 5.

Information required for Listing Rule 7.5

Listing Rule 7.5 requires that the following information be provided to Shareholders when seeking ratification pursuant to Listing Rule 7.4:

a) Number of Securities

The number of securities issued was 5,017,728 Shares.

b) The Price at which the Securities were issued

The Shares were issued with an issue price of \$0.25.

c) The Names of the Allottees and the Dates of Allotment

The Shares were allotted on the 12th September 2012 and were issued to NBH Business Holdings VU (Ltd), who are not a related party.

d) The terms of the Securities

The Shares issued were fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue. The first tranche of subscription shares will be held in voluntary escrow until the date that is 6 months after the date of execution of the agreement. Whilst the second tranche of subscription shares will be held in voluntary escrow until the date that is 3 months after Shareholders approve the issue.

e) Use of the Funds Raised

The funds raised from the issue are to be used to facilitate exploration programs at Widowmaker and Yalbra.

f) Voting Exclusion Statement

A voting exclusion statement has been included in the Notice of Annual General Meeting.

Recommendation

The Directors (other than Mr Liu who is NBH's representative on the board and declines to make a recommendation) recommend that Shareholders vote in favour of Resolution 5 as it provides the Company with the flexibility to issue up to the maximum number of securities permitted under Listing Rule 7.1 in the next 12 months (without further Shareholder approval), should it be required.

RESOLUTION 6 - APPROVAL TO ISSUE SHARES TO NATIONAL BUSINESS HOLDINGS (VU) (NBH) AT \$0.25

Background

Resolution 6 seeks Shareholder approval pursuant to ASX Listing Rule 7.1 for the allotment and issue of the second tranche of 1,150,000 Subscription Shares in accordance with the terms of the Subscription Agreement. The terms of the Subscription Agreement are described in Resolution 5 above.

The operation of Listing Rule 7.1 is explained in Resolution 4 above and the terms of the Subscription Agreement and the background to this Resolution 6 are explained in Resolution 5 above.

Information required for Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to proposed issue of 1,150,000 second tranche Subscription Shares to NBH:

a) Number of Securities

The maximum number of securities to be issued is 1,150,000 Shares.

b) Date of issue

The 1,150,000 Shares are to be issued to NBH by the close of business on the second business day of the later of:

- Shareholders approve the issue of the Shares to NBH pursuant to this Resolution; and
- the receipt by the Company of the funds to be paid by NBH for the payment of the 1,150,000 second tranche Subscription Shares.

In any event, the Shares will not be issued by the Company at a date later than 3 months after the date of the Annual General Meeting.

c) The Price at which the Shares are to issued

The Shares are to be issued with a fixed issue price of \$0.25.

d) The Names of the Allottees

The Shares will be issued to NBH Business Holdings VU (Ltd).

e) The terms of the Securities

The Shares will be fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the Company's existing Shares on issue and will be held in voluntary escrow until the date that is 3 months after the date that Shareholders approve the issue of the second tranche Subscription Shares to NBH.

f) Use of the Funds Raised

The funds raised from the issue are to be used to facilitate exploration programs at Widowmaker and Yalbra.

g) Date of allotment

The 1,150,000 Subscription Shares will be allotted to NBH on a single date specified in paragraph b) above.

h) Voting Exclusion Statement

A voting exclusion statement has been included in the Notice of Annual General Meeting.

Recommendation

The Directors (other than Mr Liu who is NBH's representative on the board and declines to make a recommendation) recommend that Shareholders vote in favour of Resolution 6 as it provides the Company with the flexibility to issue up to the maximum number of securities permitted under Listing Rule 7.1 in the next 12 months (without further Shareholder approval), should it be required.

RESOLUTION 7 TO 10 - ISSUE OF OPTIONS TO DIRECTORS

Background

Resolutions 7 to 10 seek Shareholder approval for the issue of Director Options to Directors pursuant to section 208 of the Corporations Act 2001 and ASX Listing Rule 10.14. The BUX Employee Incentive Plan is being approved separately in Resolution 12 under ASX Listing Rule 7.2 (Exception 9). The Company is permitted to grant the Director Options pursuant to the Plan.

Directors voluntarily accrued a proportion of their fees until such time as a transaction was completed and further capital was injected into the Company. The accrued fees are to be paid in cash, however in recognition of the sacrifice and willingness to forego fees, it is proposed to award 100,000 options per Director.

Furthermore, Dr Julian Stephens will receive an additional 350,000 Director Options to recognise his efforts above and beyond the normal duties of a non executive Director.

Seamus Cornelius will receive an additional 250,000 Director Options to recognise his efforts above and beyond the normal duties of a non executive and because of his role as Chairman.

The Director Options are also to be issued (if Resolutions 7 to 10 are passed) to ensure an ongoing incentive to the Directors to maximise the performance of the Company and add value for Shareholders. It is proposed to issue Mr Maslin with 1,000,000 Options and 200,000 each to Mr Cornelius, Dr Stephens and Mr Liu on this basis. Options form an important part of the incentive based remuneration for Directors and are a means of rewarding Directors without taking cash from the Company. The Board feels that Director Options are the most appropriate means under the current circumstances to reward performance.

The Directors face considerable ongoing responsibilities and challenges in their roles within the Company. The granting of these Director Options will provide a long term incentive for outstanding performance and promote their opportunities for Share ownership in the Company.

The Company acknowledges that the issue of Director Options to Mr Cornelius, Dr Stephens and Mr Liu as non-executive directors may be contrary to guidelines for non-executive remuneration in recommendation 8.3 of the ASX Corporate Governance Principles and Recommendations. However, the Board considers the grant of Options to be reasonable in the circumstances given the Company's size and stage of development and the importance of maintaining the Company's cash reserves.

The Company provides the information for Listing Rule 10.15

Related Party Transactions

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

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

For the purposes of Chapter 2E, Directors are considered to be a related party of the Company.

Listing Rule 10.14 of the Listing Rules of ASX Limited prohibits a public company from issuing securities to a director of the Company, an associate of the director and a person whose relationship with the Company referred to in rules 10.14.1 or 10.14.2 is, in ASX's opinion, such that approval should be obtained, without the approval of shareholders.

Resolutions 7 to 10 provide for the grant of Director Options to related parties, which is a financial benefit which requires Shareholder approval. For the purpose of Chapter 2E of the Corporations Act and Chapter 10 of the Listing Rules of ASX the following information is provided.

The related party to whom the proposed resolution would permit the financial benefit to be given

The following number of Director Options will be issued to the following Directors or their Associates:

Table 1 - Details of Director Options to be issued to Directors

Name	Director Options for willingness to forego cash May to Oct 2012	Director Options as long term incentive	Director Options for additional services	Total Director Options
Anthony Maslin (Resolution 7)	100,000	1,000,000	Nil	1,100,000
Seamus Cornelius (Resolution 8)	100,000	200,000	250,000	550,000
Dr Julian Stephens (Resolution 9)	100,000	200,000	350,000	650,000
Liu Xing Zhou (Resolution 10)	Nil	200,000	Nil	200,000
Total	300,000	1,600,000	600,000	2,500,000

The nature of the financial benefit

The proposed financial benefit to be given is the allotment of a total of 2,500,000 Director Options. Each Director Option has an exercise price that is equal to 150% of the 5 day VWAP prior to the Annual General Meeting. The rights attaching to the Director Options and terms of issue of the Director Options are set out in Annexure C. The valuation of the Director Options is set out under the heading “Valuation of Director Options”.

The reasons for the financial benefit and Directors’ recommendation

The Company entered into agreements with each Director in their capacity as a Director of the Company. The Directors have, and continue to be paid, substantially less than their industry peers in order to direct the maximum funds towards creating value for all Shareholders. This is in line with the Company’s general policy of non cash based incentives in lieu of reduced wages.

None of the Directors of the Company wish to make a recommendation about the proposed resolution as the resolution seeks the issue of Director Options to other Directors.

Any other information that is reasonably required by members to make a decision and that is known to the Company or any of its Directors

- (a) The proposed Resolutions 7 to 10 would have the effect of giving power to the Board to grant a total of 2,500,000 Director Options to the Directors or their respective nominee.
- (b) The exercise of the Director Options by each Director is subject to the terms and conditions outlined in Annexure B. The Director Options will vest immediately upon their issue to Directors.
- (c) The Director Options will be issued by the Board no later than one month after the date resolutions 7 to 10 are passed.

- (d) The Directors, in conjunction with the Company's advisers have attempted to value the Director Options by reference to the binomial valuation method, based upon the assumptions outlined in Table 5 on page 22.
- (e) The total value of the Director Options to be issued to each Director is outlined in Table 3. If all of the Director Options that are issued are exercised, then the effect would be to dilute the shareholdings of the existing Shareholders.
- (f) As at 12 October 2012, the issued capital of the Company comprised 46,135,922 Shares. On a fully diluted basis the issue of the Director Options represents approximately 5.14% of the Company's issued capital.
- (g) Each Directors current interest in securities of the Company is detailed in Table 2.
- (h) The market price of the Company's Shares during the term of the Director Options will normally determine whether or not the option holder exercises the Director Option. At the time any Director Options are exercised and Shares issued pursuant to the exercise of the Director Options, the Company's Shares may be trading on ASX at a price which is higher than the exercise price of the Director Options.
- (i) The Director Options will not be quoted on ASX and as such have no actual market value. The Shares of the Company have been traded on ASX since 23 October 2007. In the previous 12 months the Shares have traded in the range of 0.095 cents to 0.53 cents. The most recent closing price prior to the date of this Notice was 0.46 cents. The Director Options are capable of being converted to Shares by payment of the exercise price and on the terms set out in Annexure B.
- (j) As the Director Options were agreed to be issued in lieu of forgone fees and salary, forfeiture of future higher fees and salary and to incentive long term performance, the Directors consider that the Director Options are a reasonable and cost effective reward for the Company as opposed to alternative forms of reward.
- (k) Table 3 shows the total remuneration package of each of the Directors that are to receive Director Options under Resolutions 7 to 10 for the financial year ended on 30 June 2012. The second column under the heading "Directors' Remuneration" lists the cash amounts received by the Directors for the work each performed and for the services each provided in the financial year ended 30 June 2012. The third column headed "Options (assuming resolutions 7 to 10 are passed)" lists the value of the Director Options to be issued to each Director using the valuation methodology described in this Explanatory Memorandum under the heading "Valuation of Director Options".
- (l) The most recent closing Share price prior to date of this Notice was 0.46 cents. If the Share price is at that level when the Director Options are exercised, there will be no cost to the Company. The Directors do not consider that from an economic and commercial point of view, there are any other costs or detriments, including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in issuing the Director Options to the Directors pursuant to Resolutions 7 to 10.

- (m) 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 financial benefits contemplated by Resolutions 7 to 10.
- (n) The Director Options will be issued for nil consideration, so no funds will be raised from the issue.
- (o) No loan been given by the Company in relation to the grant of Director Options.
- (p) No securities have been issued previously under the scheme.
- (q) The directors listed below are the only persons referred to in rule 10.14 entitled to participate in the scheme.

Table 2 - Details of Director's current holdings of securities in the Company

Name	Shareholding	Option Holdings
Anthony Maslin	392,897	130,198
Seamus Cornelius	930,397	183,948
Julian Stephens	Nil	Nil
Liu Xing Zhou	Nil	Nil

Table 3 - Details of Director's Remuneration (2011/2012)

Director	Directors' Remuneration	Director Options (assuming Resolutions 7 to 10 are passed)	Total
Anthony Maslin ⁽¹⁾	\$163,500	\$207,900	\$371,400
Seamus Cornelius	\$50,000	\$103,950	\$153,950
Julian Stephens	\$25,000	\$122,850	\$147,850
Liu Xing Zhou ⁽²⁾	Nil	\$37,800	\$37,800

(1) Mr Maslin is the Managing Director and an executive director

(2) Mr Liu joined the board on 12 September 2012

Valuation of Director Options

The Directors of the Company have obtained an independent valuation of the Director Options by RSM Bird Cameron Corporate Pty Ltd at a valuation date of 9 October 2012.

Methodology

Accounting Standard AASB 2 Share Based Payments prescribes that the following should be factored into the valuation of options:

- strike or exercise price;
- price on grant date of the underlying share;
- life of the option;
- volatility of the underlying share;
- dividends expected on the shares (if appropriate); and
- risk free interest rate.

The table below analyses the impact on the fair value of the Director Option of an increase in each of the variables listed, all other factors remaining the same.

Table 4

Variable increased	Effect on the value of the Right
Exercise Price	Decrease
Current Stock Price	Increase
Life of the option	Increase
Volatility	Increase
Dividends	Decrease
Risk free interest rate	Increase
Vesting period	Increase

Director Option valuation model assumptions

The following assumptions have been used in the binomial model below, in assessing the indicative fair value of the Director Options.

Table 5 – Assumptions of binomial model

Assumption	Ref	Director Options
Grant date	1	16 Nov 2012
Spot price	2	\$0.49
Exercise price	3	\$0.731
Expiry date	4	15 Nov 2016
Expected future volatility	5	100%
Risk free rate	6	2.43%
Dividend yield	7	0%
Market discount	8	39%
Value per Director Option		\$0.189

1. **Grant date** – It has been assumed that the grant date is 16 November 2012, being the proposed date of the Annual General Meeting.
2. **Spot price** – This is usually assumed to be the closing share price of a company's shares on the last trading day prior to the grant date. As the Company is providing an indicative assessment of the fair value, and the Director Options have yet to be granted it has been assumed that the underlying Buxton share price at the grant date is the closing share price on 9 October 2012, being the date of the independent valuation.

3. **Exercise price** – The exercise price will be equal to 150% of the 5 day VWAP prior to the Annual General Meeting. In the calculation of the indicative assessment of the fair value of the Director Options the Company has assumed various exercise prices which have been derived on the basis set out below.
4. **Expiry date** – The expiry date of the Director Options is 3 years and 364 days after the date of issue.
5. **Expected future volatility** – The historical volatility of the Buxton shares has been calculated over the one, two and three years periods ended 9 October 2012, and considered the historical volatility of comparable companies. Based on the Company's analysis, the Company is of the opinion that a volatility figure of 100% is reflective of the future volatility of the Company's shares over the life of the Director Options.
6. **Risk free rate** – This has been determined based on the yield of a Commonwealth Government 3 year bond, being the period which most closely corresponds to the estimated Director Option life, which at 9 October 2012 yielded 2.43%.
7. **Dividend yield** – Dividend yield of 0% has been assumed as the Company has no history of dividends and is not expected to pay dividends over the Director Option period.
8. **Market discount** – As set out above, the market is applying a discount to the listed Buxton options on issue of 39%. As such, the Company has applied a similar discount due to the similar nature of the Director Options.

RESOLUTION 11 – ISSUE OF OPTIONS TO CONSULTANTS

Background

Resolution 11 seeks Shareholder approval pursuant to ASX Listing Rule 7.1 for the allotment and issue of a total of 385,000 Consultant Options to the Consultants listed below. None of the subscribers under the issue are, or will be, related parties of the Company.

During the past 12 months the Company has received services from numerous consultants and service providers. In line with the Company's policy of protecting its cash reserves, the Company has agreed to issue Consultant Options to each of the consultants and service providers listed below (each a **Consultant**):

- Mr Sam Wright
- Mr Fergus Ross
- Ms Lydia Fee
- Ms Linna Liu
- Mr Greg Knox

- Mr Michael Giles

The issue of Options is seen as a cost effective way of providing the Consultants a tangible incentive to enhance the performance of the Company and is in line with the current management's approach to conserve working capital and to align their interests with the existing shareholders.

Information required under the listing rules

The operation of Listing Rule 7.1 is explained in Resolution 4 above. Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the proposed issue of Consultant Options to the Consultants:

a) Number of Securities

The maximum number of Consultant Options to be issued is 385,000;

b) Date of issue

The Consultant Options will be issued and allotted progressively to each Consultant, or their nominee, within 3 months of Shareholder approval being validly obtained.

c) The Price at which the securities are to issued

There is no monetary consideration payable for the issue of the Consultant Options and there will be no funds raised from the issue of the Consultant Options.

d) The Names of the Allottees

The names of the allottees of the Consultant Options and the number of Consultant Options to be issued to each allottee or their nominee are:

Allottee / Consultant	Number of Consultant Options
Mr Sam Wright	100,000
Mr Fergus Ross	35,000
Ms Lydia Fee	35,000
Ms Linna Liu	35,000
Mr Greg Knox	70,000
Mr Michael Giles	100,000

Total	385,000
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e) The terms of the Securities

The Consultant Options issued will be issued on the terms and conditions set out in Annexure B.

f) Voting Exclusion Statement

A voting exclusion statement has been included in the Notice of Annual General Meeting.

Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 11 as it provides the Company with the flexibility to issue up to the maximum number of securities permitted under Listing Rule 7.1 in the next 12 months (without further Shareholder approval), should it be required.

RESOLUTION 12 – APPROVAL OF EMPLOYEE INCENTIVE PLAN

The Board has adopted an employee incentive scheme known as the "BUX Employee Share Ownership Plan" ("Plan").

As noted above, ASX Listing Rule 7.1 allows the Company to issue a maximum of 15% of its capital in any 12 month period without requiring shareholder approval. An exception to Listing Rule 7.1 is set out in Listing Rule 7.2 (Exception 9) which provides that issues of securities under an employee incentive scheme are exempt for a period of three years before the date on which shareholders approve the issue of securities under the terms of the plan.

Resolution 12 seeks Shareholder approval to the issue of securities under the Plan in accordance with ASX Listing Rule 7.2 (Exception 9). If Resolution 12 is passed, the Company would be able to issue securities under the Plan over the next three years without impacting on the Company's 15% issue limit capacity. No securities have been issued previously under the scheme.

The objective of the Plan is to attract, motivate and retain key employees. It is considered by Directors that the adoption of the Plan and the future issue of securities under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company. The terms of the Plan extends to Directors but securities under the Plan will only be issued to Directors if specific Shareholder approval is obtained.

A summary of the terms and conditions of the Plan is set out in Annexure A.

RESOLUTION 13 – APPROVAL TO ISSUE OPTIONS TO CHANCELLOR ZEUSPAC AND CONSULTANTS

Background

Resolution 13 seeks Shareholder approval pursuant to ASX Listing Rule 7.1 for the allotment and issue of a total of 4,500,000 Advisor Options. None of the subscribers under the issue of the Advisor Options are, or will be, related parties of the Company.

Option issue to Chancellor Zeuspac and advisors

The terms of the Subscription Agreement between NBH and the Company are described above in Resolution 5. NBH was introduced to the Company by Hong Kong based broker Chancellor Zeuspac and the Company agreed to pay Chancellor Zeuspac a 5% fee on the funds raised plus the grant of 2 million Advisor Options upon execution of the Subscription Agreement.

During the past 12 months the Company has received services from numerous advisors and service providers. In line with the Company's policy of protecting its cash reserves, the Company has agreed to issue Advisor Options to Chancellor Zeuspac and each of the consultants and service providers listed below (each an **Advisor**):

- Chancellor Zeuspac
- Dongarra Ltd
- Cheung Shun Ltd
- Ranguta Ltd
- Tao Yuan Resources Ltd <No 3 Account>

Information required under the listing rules

The operation of Listing Rule 7.1 is explained in Resolution 4 above. Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the proposed issue of Advisor Option to the Advisors:

g) Number of Securities

The maximum number of Advisor Options to be issued is 4,500,000;

h) Date of issue

The Advisor Options will be issued and allotted progressively to each Advisor within 3 months of Shareholder approval being validly obtained.

i) The Price at which the securities are to issued

There is no monetary consideration payable for the issue of the Advisor Options and there will be no funds raised from the issue of Advisor Options.

j) The Names of the Allottees

The names of the allottees of the Advisor Options and the number of Advisor Options to be issued to each allottee are:

Allottee	Number of Advisor Options
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Chancellor Zeuspac	2,000,000
Dongarra Ltd	1,000,000
Cheung Shun Ltd	500,000
Ranguta Ltd	500,000
Tao Yuan Resources Ltd <No 3 Account>	500,000
Total	4,500,000

k) The terms of the Securities

The Advisor Options issued will be issued on the terms and conditions set out in Annexure C.

l) Voting Exclusion Statement

A voting exclusion statement has been included in the Notice of Annual General Meeting.

Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 13 as it provides the Company with the flexibility to issue up to the maximum number of securities permitted under Listing Rule 7.1 in the next 12 months (without further Shareholder approval), should it be required.

RESOLUTION 14 – SECTION 195 APPROVAL

Approval of Resolutions 7 to 10 may result in the Directors having a “material personal interest” in the matters referred to in this Notice. In the absence of this Resolution 16, the Directors may not be able to form a quorum at any meetings necessary to carry out the transactions contemplated in this Notice.

Accordingly, Shareholder approval is being sought to allow the Directors to form a quorum to implement the transactions contemplated in this Notice.

RESOLUTION 15 – APPROVAL OF PROPORTIONAL TAKEOVER PROVISIONS

It is intended to insert the proposed Schedule 5 "Approval Required for Proportional Takeover" (as set out in Annexure D to this Notice).

Under the Corporations Act, a company may include provisions in its constitution to enable it to refuse to register shares acquired under a proportional takeover bid unless a resolution approving the bid is passed by the shareholders.

Where the approval of Shareholders is sought to include proportional takeover provisions in a constitution, the Corporations Act requires the Company to provide Shareholders with an explanation of the proposed proportional takeover approval provisions. That information is set out below so that Shareholders may make an informed decision on whether to support or oppose the Resolution.

What is a proportional takeover bid?

A proportional takeover bid is a takeover bid where the offer made to each Shareholder is only for a proportion of that Shareholder's securities in the relevant bid class.

Accordingly, if a Shareholder accepts in full the offer under a proportional takeover bid, the Shareholder will dispose of the specified portion of their bid class securities and retain the balance of their bid class securities. This means that control of the Company may pass without members having the chance to sell all their securities to the bidder. It also means the bidder may take control of the Company without paying an adequate amount for gaining control.

Effect of the provisions to be inserted

If a proportional takeover bid is made to Shareholders of the Company, the Board will be required to convene a meeting of Shareholders to vote on a resolution to approve the proportional takeover bid ("**Approving Resolution**"). That meeting must be held at least 14 days before the offer under the proportional takeover bid closes.

The resolution shall be taken to have been passed if a majority of Shares voted at the meeting, excluding the securities of the bidder and its associates, vote in favour of the resolution. The Directors will breach the Corporations Act if they fail to ensure the Approving Resolution is voted on. However, if no resolution is voted on before the end of the 14th day before the close of the offer, the resolution will be deemed to have been passed.

Where the Approving Resolution is passed or deemed to have been passed, transfers of Shares resulting from accepting the offer will be registered provided they otherwise comply with the Corporations Act, the Listing Rules, the Settlement Operating Rules and the Company's Constitution. If the resolution is rejected, then in accordance with the Corporations Act, the offer will be deemed to be withdrawn.

The proportional takeover approval provisions do not apply to full takeover bids and only apply for three years after the date of adoption of the provisions. The provisions may be renewed for a further three year term, but only by a special resolution of Shareholders.

Reasons for proposing the resolution

The Directors consider that Shareholders should have the opportunity to include a proportional takeover approval provision in the Constitution. Without the inclusion of such a provision, a proportional takeover bid for the Company may enable effective control of the Company to be acquired without Shareholders having the opportunity to dispose of all of their securities to the bidder.

Accordingly, Shareholders could be at risk of passing control to the bidder without payment of an adequate control premium for all their Shares whilst leaving themselves as part of a minority interest in the Company.

The proposed provision deals with this possibility by providing that if a proportional takeover bid is made for Shares in the Company, Shareholders must vote on whether or not a proportional takeover bid should be permitted to proceed.

The benefit of the provision is that Shareholders are able to decide collectively whether the proportional offer is acceptable in principle and it may ensure that any partial offer is appropriately priced.

No knowledge of present acquisitions proposals

As at the date on which this Explanatory Statement is prepared, no Director is aware of a proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company other than the issue of 1,150,000 Shares to National Business Holdings (VU) as per Resolution 6.

However, the Directors are aware of recent merger and acquisitions activity in the region in which the Company's assets are located.

Potential advantages and disadvantages for the Directors and Shareholders of the Company

Advantages:

The inclusion of the proportional takeover approval provision will enable the Directors to formally ascertain the views of Shareholders in respect of a proportional takeover bid. Without such provisions, the Directors are dependent upon their perception of the interests and views of Shareholders. Other than this advantage, the Directors consider that insertion of such a provision has no potential advantages or potential disadvantages for them as they remain free to make a recommendation on whether a proportional takeover offer should be accepted.

The Directors consider that inserting a proportional takeover approval provision will benefit all Shareholders in that they will have an opportunity to consider a proportional takeover bid and then attend or be represented by proxy at a meeting of Shareholders called specifically to vote on the proposal. Accordingly, Shareholders will be able to prevent a proportional takeover bid proceeding if there is sufficient support for the proposition that control of the Company should not be permitted to pass under the proportional takeover bid. The provisions may also help Shareholders avoid being locked in as a minority with one majority Shareholder. In addition, increasing the bargaining power of Shareholders may ensure that any partial offer is adequately priced. Furthermore, knowing the view of Shareholders assists each individual Shareholder in assessing the likely outcome of the proportional takeover bid and whether to accept or reject that bid.

Disadvantages:

As to the possible disadvantages to Shareholders of inserting a proportional takeover approval provision, it may be argued that the proposal makes a proportional takeover bid more difficult and that such proportional takeover bids will therefore be discouraged. The chance of a proportional takeover bid being successful may be reduced. In turn, this may reduce the opportunities which Shareholders may have to sell all or some of their Shares at a premium to persons seeking control of the Company. Such a provision may also be considered an additional restriction on the ability of individual Shareholders to deal freely in their Shares.

Directors' Recommendation

On balance, the Directors consider that the possible advantages outweigh the possible disadvantages such that insertion of a proportional takeover approval provision is in the interests of Shareholders.

The Directors recommend that Shareholders vote in favour of Resolution 15. Each Director intends to vote all the Shares controlled by him or her in favour of the Resolution.

If this Resolution is approved, then the Constitution will be amended and the proportional takeover approval provision will take effect from the date of the Annual general Meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 15.

RESOLUTION 16 – APPROVAL FOR ADDITIONAL PLACEMENT CAPACITY

This Resolution is a special resolution.

General

ASX Listing Rule 7.1 permits entities to issue 15% of its issued capital without shareholder approval in a 12 month period, subject to a number of exceptions.

The ASX has recently amended the ASX Listing Rules to allow small to mid-cap companies to seek shareholder approval for additional placement capacity. ASX Listing Rule 7.1A permits eligible entities, which have obtained shareholder approval by special resolution, to issue Equity Securities up to an additional 10% of its issued capital by placements over a 12 month period after the annual general meeting ("**Additional Placement Capacity**").

The Company seeks Shareholder approval under Resolution 15 to be able to issue Equity Securities under the Additional Placement Capacity. The exact number of Equity Securities to be issued is not fixed and will be determined in accordance the formula prescribed in ASX Listing Rule 7.1A.2 (set out below).

Requirements of ASX Listing Rule 7.1A

(a) Eligible entities

An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is

not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

(b) **Shareholder approval**

Shareholders must approve the Additional Placement Capacity by special resolution at the annual general meeting. A resolution under ASX Listing Rule 7.1A cannot be put at any other shareholder meeting.

(c) **Equity Securities**

Equity Securities issued under the Additional Placement Capacity must be in the same class as an existing class of Equity Securities of the Company that are quoted on ASX.

As at the date of this Notice, the Company has two classes of Equity Securities quoted on ASX being fully paid ordinary Shares and listed Options.

(d) **Formula for calculating number of Equity Securities that may be issued under the Additional Placement Capacity**

If Resolution 15 is passed, the Company may issue or agree to issue, during the 12 month period after this Meeting, the number of Equity Securities calculated in accordance with the following formula set out in Listing Rule 7.1A:

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

A	The number of shares on issue 12 months before the date of issue or agreement: • plus the number of fully paid shares issued in the 12 months under an exception in ASX Listing Rule 7.2; • plus the number of partly paid shares that became fully paid in the 12 months; • plus the number of fully paid shares issued in the 12 months with the approval of shareholders under ASX Listing Rules 7.1 or 7.4; • less the number of fully paid shares cancelled in the 12 months.
D	10%
E	The number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of shareholders under ASX Listing Rules 7.1 or 7.4.

(e) **Interaction between ASX Listing Rules 7.1 and 7.1A**

The Additional Placement Capacity under ASX Listing Rule 7.1A is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1.

The Company has 46,135,922 Shares on issue as at the date of this Notice and therefore has a capacity to issue:

- 6,920,388 Equity Securities under ASX Listing Rule 7.1 subject to approval of Resolutions 4 and 5); and
- 4,613,592 Equity Securities under ASX Listing Rule 7.1A (subject to approval of this Resolution 15).

The actual number of Equity Securities that the Company will be permitted to issue under ASX Listing Rule 7.1A will be calculated at the date of issue or agreement to issue the Equity Securities in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out above).

The effect of Resolution 15 will be to allow the Company to issue securities under ASX Listing Rule 7.1A without using the Company's placement capacity under ASX Listing Rule 7.1.

7.3 Information for Shareholders as required by ASX Listing Rule 7.3A

2. Minimum price

The issue price of the new Equity Securities will be no lower than 75% of the volume weighted average price (VWAP) for securities in the relevant quoted class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- the date on which the price of the Equity Securities are to be issued is agreed; or
- if the Equity Securities are not issued within 5 trading days of the date above, the date on which the Equity Securities are issued.

(f) Risk of economic and voting dilution

If Resolution 15 is passed and the Company issues securities under the Additional Placement Facility, existing Shareholders' voting power in the Company will be diluted.

There is the risk that:

- the market price for the Company's existing Equity Securities may be significantly lower on the date of issue of the new Equity Securities than on the date of the Meeting; and
- the new Equity Securities may be issued at a price that is at a discount to the market price of the Company's existing Equity Securities on the issue date or the new Equity Securities may be issued as part of the consideration for the acquisition of a new asset, which may have an effect on the amount of funds raised by the issue of the new Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in ASX Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows:

- two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example a pro rata entitlement issue) or future placements under ASX Listing Rule 7.1 that are approved by Shareholders in the future;
- two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable 'A' in ASX Listing Rule 7.1A.2		Dilution		
		0.23 50% decrease in Issue Price	0.46 Issue Price	0.92 100% increase in Issue Price
Current Variable A 46135922 Shares	10% Voting Dilution	4,613,592	4,613,592	4,613,592
	Funds raised	\$1,061,126	\$2,122,252	\$4,244,505
50% increase in current Variable A 69203883 Shares	10% Voting Dilution	6,920,388	6,920,388	6,920,388
	Funds raised	\$1,591,689	\$3,183,378	\$6,366,757
100% increase in current Variable A 92271844 Shares	10% Voting Dilution	9,227,184	9,227,184	9,227,184
	Funds raised	\$2,122,252	\$4,244,505	\$8,489,009

This table has been prepared on the following assumptions:

3. The Company issues the maximum number of Equity Securities available under the Additional Placement Capacity.
4. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
5. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

6. The table shows only the effect of issues of Equity Securities under ASX Listing Rule 7.1A, not under the 15% placement capacity under ASX Listing Rule 7.1.
7. The issue of Equity Securities under the Additional Placement Capacity consists only of Shares. If the issue of Equity Securities includes quoted Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
8. The issue price is 0.46 cents, being the closing price of the Shares on ASX on 12 October 2012.

The Company's ability to issue securities under ASX Listing Rule 7.1A is in addition to its ability to issue securities under ASX Listing Rule 7.1.

9. Placement Period

Shareholder approval of the Additional Placement Capacity under ASX Listing Rule 7.1A is valid from 16 November 2012 (the date of this Meeting) and expires on the earlier of:

- 16 November 2013, which is 12 months after this Annual General Meeting; or
 - the date that Shareholders approve a transaction under ASX Listing Rule 11.1.2 (significant change to nature or scale of activities) or ASX Listing Rule 11.2 (disposal of the main undertaking),
- or such longer period as allowed by ASX (the "**Placement Period**").

The Company will only issue and allot new securities during the Placement Period. The approval will cease to be valid in the event that shareholders' approve a transaction under ASX Listing Rules 11.1.2 or 11.2.

(g) **Purposes for which the new Equity Securities may be issued**

The Company may seek to issue new Equity Securities for the following purposes:

- cash consideration to raise funds for the acquisition of new assets or investments (including the expenses associated such acquisition), continued expenditure on the exploration programs at Widowmaker and Yalbra and for general working capital; or
- non-cash consideration for acquisition of new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3.

(h) **Allocation policy**

The Company's allocation policy for the issue of new Equity Securities under the Additional Placement Capacity will depend on the market conditions existing at the time of the proposed issue. The allottees will be determined at the relevant time having regard to factors such as:

- the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
- the effect of the issue of new securities on the control of the Company;
- the financial situation and solvency of the Company;
- advice from corporate, financial and broking advisers (as relevant).

As at the date of this Notice the allottees are not known but may include existing substantial Shareholders and/or new Shareholders. No allottee under the Additional Placement Capacity will be a related party or associate of a related party. Existing Shareholders may or may not be entitled to subscribe for any Equity Securities issued under the Additional Placement Capacity and it is possible that their shareholding will be diluted.

If the Additional Placement Capacity is used to acquire new assets or investments then it is likely that the allottees will be the vendors of the new assets.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A(4) and 3.10.5A on the issue of any new securities.

(i) Details of Equity Securities issued under earlier placement capacity approval

The Company has not previously obtained approval under ASX Listing Rule 7.1A.

(j) Voting exclusion

At the date of this Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in a proposed issue of Equity Securities under the proposed Additional Placement Capacity. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

Board Recommendation

The Board considers that the approval of the issue of the Additional Placement Facility described above is beneficial for the Company as it provides the Company with the flexibility to issue up to the maximum number of securities permitted under Listing Rule 7.1A in the next 12 months (without further Shareholder approval), should it be required. At the date of the notice of meeting, the Company has no plans to use the Placement Facility should it be approved. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of Resolution 16.

ACTION TO BE TAKEN BY SHAREHOLDERS

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

ENQUIRIES

Shareholders may contact Jodi Haslinger on (+ 61 8) 9380 6063 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

\$ means Australian dollars.

Annual General Meeting means the annual general meeting of the Company convened by the Notice of Meeting.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

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

BUX Employee Incentive Plan means a scheme for the issue or acquisition of equity securities in the Company to be held by, or for the benefit of, participating employees or Non-Executive Directors of the Company or a related Company.

Chairperson means the chairperson of the Annual General Meeting.

Closely Related Party means a closely related party of a member of Key Management Personnel as defined in Section 9 of the Corporations Act, being

- i. a spouse or child of the member;
- ii. a child of that member's spouse;
- iii. a dependant of that member or of that member's spouse;
- iv. anyone else who is one of that member's family and may be expected to influence that member, or be influenced by that member, in that member's dealings with the Company;
- v. a company that is controlled by that member; or
- vi. any other person prescribed by the Corporations Regulations 2001 (Cth).

Company means Buxton Resources Limited (ABN 86 125 049 550).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

Key Management Personnel means the key management personnel of the Company as defined in Section 9 of the Corporations Act and Australian Accounting Standards Board accounting standard 124, being those persons having authority and responsibility for

planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).

Notice of Meeting or **Notice of Annual General Meeting** means this notice of annual general meeting including the Explanatory Statement and Proxy Form.

Option means a right, but not an obligation to purchase a fully paid ordinary share in the capital of the Company

Proportional Takeover means offers for shares made under a proportional takeover bid within the meaning of the Corporations Act.

Remuneration Report means the remuneration report of the Company as defined under section 9 of the Corporations Act.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

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

Shareholder means a holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

ANNEXURE A – SUMMARY OF BUX SHARE OWNERSHIP PLAN

1. From time to time at its discretion, the Board may offer to issue Securities and Performance Rights to acquire ordinary shares in the Company to employees and Directors of the Company. Offers must be accepted within 10 business days and must be in multiples of 1,000 Performance Rights.
2. The Board may impose restrictions on the vesting of the Performance Rights such as a vesting period and performance hurdles.
3. At no time can the aggregate number of unissued shares to which the Performance Rights relate under the Plan exceed 5% of the issued ordinary shares of the Company.
4. The Performance Rights will vest at the expiry of the vesting period as determined by the Board but the term of Performance Rights must not exceed five years from the date of issue. Once a Performance Right is vested the holder may acquire an ordinary share of the Company. A Performance Right does not vest and will lapse, if at the end of the vesting period:
 - (a) the holder of the Performance Right has not been an employee or a Director for at least one year;
 - (b) any performance hurdles applicable to the Performance Right have not been satisfied;
 - (c) the holder of the Performance Right, in the opinion of the Board, has failed to comply in a material respect with the terms of the Plan;
 - (d) the Board has determined that the holder of the Performance Right has acted fraudulently, dishonestly or in breach of his/her obligations to the Company.
5. The Performance Rights will vest even if any applicable performance hurdles have not been met in the circumstances of death, permanent disability or retirement of an employee or director or at the discretion of the Board.
6. In the event of a takeover offer, the Performance Rights vest if the performance hurdles have been met or at the discretion of the Board. Any Performance Rights that do not vest in these circumstances continue for the balance of the vesting period.
7. Any ordinary shares issued on the vesting of a Performance Right will be of the same class and will rank equally with existing ordinary shares in the Company. The Company will apply for quotation of the shares issued on vesting of the Performance Rights within the time required by the ASX Listing Rules.
8. In the event of a reconstruction of the issued share capital of the Company such as a consolidation, subdivision or equal reduction of capital, the number of Performance Rights will be adjusted in a manner consistent with the ASX Listing Rules.

ANNEXURE B – TERMS AND CONDITIONS OF OPTIONS

The Director Options the subject of Resolutions 7 to 10 and the Consultant Options the subject of Resolution 11 entitle the holder to subscribe for Shares on the following terms and conditions:

1. Each option entitles the holder to subscribe for one (1) Share.
2. The options are exercisable at any time prior to 5.00pm WST 15 November 2016 ("**Expiry Date**") and any options not exercised before the Expiry Date will automatically lapse on the Expiry Date.
3. The exercise price will be equal to 150% of the 5 day VWAP prior to the Annual General Meeting.
4. The options held by each optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
5. An Optionholder may exercise their options by lodging with the Company, before the Expiry Date (**Exercise Notice**):
 - (i) a written notice of exercise of options specifying the number of options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of options being exercised;
6. An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
7. Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of options specified in the Exercise Notice.
8. The options are not transferable except with the prior written consent of the board of directors of the Company.
9. All Shares allotted upon the exercise of options will upon allotment rank pari passu in all respects with other Shares.
10. The Company will not apply for quotation of the options on ASX. However, The Company will apply for quotation of all Shares allotted pursuant to the exercise of options on ASX within 10 Business Days after the date of allotment of those Shares.
11. If at any time the issued capital of the Company is reconstructed, all rights of an optionholder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
12. If the Company makes a pro rata issue (other than a bonus issue), the Exercise Price of the options on issue may be reduced in accordance with the formula prescribed in the Listing Rules.

13. There are no participating rights or entitlements inherent in the options and optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the options without exercising the options.
14. If there is a bonus issue to the holders of Shares, then the number of Shares over which the option is exercisable will be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
15. An option does not confer the right to a change in these terms which has the affect of a change in the Exercise Price or a change in the number of underlying securities over which the option can be exercised.

ANNEXURE C – TERMS AND CONDITIONS OF OPTIONS RESOLUTION 13

The Advisor Options the subject of Resolutions 13 entitle the holder to subscribe for Shares on the following terms and conditions:

1. Each option entitles the holder to subscribe for one (1) Share.
2. The options are exercisable at any time prior to 5.00pm WST 15 November 2016 ("**Expiry Date**") and any options not exercised before the Expiry Date will automatically lapse on the Expiry Date.
3. The exercise price of each option is \$0.50.
4. The options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
5. An Optionholder may exercise their options by lodging with the Company, before the Expiry Date ("**Exercise Notice**"):
 - (i) a written notice of exercise of options specifying the number of options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of options being exercised;
6. An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
7. Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of options specified in the Exercise Notice.
8. The options are not transferable except with the prior written consent of the board of directors of the Company.
9. All Shares allotted upon the exercise of options will upon allotment rank pari passu in all respects with other Shares.
10. The Company will not apply for quotation of the options on ASX. However, The Company will apply for quotation of all Shares allotted pursuant to the exercise of options on ASX within 10 Business Days after the date of allotment of those Shares.
11. If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
12. If the Company makes a pro rata issue (other than a bonus issue), the Exercise Price of the options on issue may be reduced in accordance with the formula prescribed in the Listing Rules.
13. There are no participating rights or entitlements inherent in the options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the options without exercising the options.

14. If there is a bonus issue to the holders of Shares, then the number of Shares over which the option is exercisable will be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
15. An option does not confer the right to a change in these terms which has the affect of a change in the Exercise Price or a change in the number of underlying securities over which the option can be exercised.

ANNEXURE D – APPROVAL REQUIRED FOR PROPORTIONAL TAKEOVER

5. APPROVAL REQUIRED FOR PROPORTIONAL TAKEOVER

5.1 Resolution to Approve Proportional Off-Market Bid

- (a) Where offers have been made under a proportional off-market bid in respect of a class of securities of the Company (**bid class securities**), the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under the proportional off-market bid is prohibited unless and until a resolution (in this clause 5 referred to as a **prescribed resolution**) to approve the proportional off-market bid is passed in accordance with the provisions of this Constitution.
- (b) A person (other than the bidder or a person associated with the bidder) who, as at the end of the day on which the first offer under the proportional off-market bid was made, held bid class securities is entitled to vote on a prescribed resolution and, for the purposes of so voting, is entitled to one vote for each of the bid class securities.
- (c) A prescribed resolution is to be voted on at a meeting, convened and conducted by the Company, of the persons entitled to vote on the prescribed resolution.
- (d) A prescribed resolution that has been voted on is to be taken to have been passed if the proportion that the number of votes in favour of the prescribed resolution bears to the total number of votes on the prescribed resolution is greater than one half, and otherwise is taken to have been rejected.

5.2 Meetings

- (a) The provisions of this Constitution that apply in relation to a general meeting of the Company apply, with modifications as the circumstances require, in relation to a meeting that is convened pursuant to this clause 5.2 as if the last mentioned meeting was a general meeting of the Company.
- (b) Where takeover offers have been made under a proportional offmarket bid, the Directors are to ensure that a prescribed resolution to approve the proportional off-market bid is voted on in accordance with this clause 5 before the 14th day before the last day of the bid period for the proportional off-market bid (the . resolution deadline.).

5.3 Notice of Prescribed Resolution

Where a prescribed resolution to approve a proportional off-market bid is voted on in accordance with this clause 5 before the resolution deadline, the Company is, on or before the resolution deadline:

- (a) to give the bidder; and
- (b) if the Company is listed each relevant financial market (as defined in the Corporations Act) in relation to the Company,

a notice in writing stating that a prescribed resolution to approve the proportional off-market bid has been voted on and that the prescribed resolution has been passed, or has been rejected, as the case requires.

5.4 Takeover Resolution Deemed Passed

Where, at the end of the day before the resolution deadline, no prescribed resolution to approve the proportional off-market bid has been voted on in accordance with this clause 5, a resolution to approve the proportional offmarket bid is to be, for the purposes of this clause 5, deemed to have been passed in accordance with this clause 5.

5.5 Takeover Resolution Rejected

Where a prescribed resolution to approve a proportional off-market bid under which offers have been made is voted on in accordance with this clause 5 before the resolution deadline, and is rejected, then:

(a) despite Section 652A of the Corporations Act:

- (i) all offers under the proportional off-market bid that have not been accepted as at the end of the resolution deadline; and
- (ii) all offers under the proportional off-market bid that have been accepted and from whose acceptance binding contracts have not resulted as at the end of the resolution deadline,

are deemed to be withdrawn at the end of the resolution deadline;

(b) as soon as practicable after the resolution deadline, the bidder must return to each person who has accepted any of the offers referred to in clause 5.5(a)(ii) any documents that were sent by the person to the bidder with the acceptance of the offer;

(c) the bidder:

- (i) is entitled to rescind; and
- (ii) must rescind as soon as practicable after the resolution deadline,

each binding takeover contract resulting from the acceptance of an offer made under the proportional off-market bid; and

(d) a person who has accepted an offer made under the proportional offmarket bid is entitled to rescind the takeover contract (if any) resulting from the acceptance.

5.6 Renewal

This clause 5 ceases to have effect on the third anniversary of the date of the adoption of the last renewal of this clause 5.

BUXTON RESOURCES LIMITED
ABN 86 125 049 550

Instructions for Completing 'Appointment of Proxy' Form

1. A member entitled to attend and vote at an Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. Where a member's holding is in one name the holder must sign. Where the holding is in more than one name, all members should sign.
3. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under a power of attorney, the power of attorney must be lodged in like manner as this Proxy Form.
4. Corporate members should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - 2 directors of the company;
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

5. Completion of a Proxy Form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the Annual General Meeting.
6. If you wish to appoint the Chairperson as your proxy, mark the box on the Proxy Form. If the person you wish to appoint as your proxy is someone other than the Chairperson, please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairperson will be your proxy. A proxy need not be a Shareholder.
7. If the Chairperson or other Key Management Personnel or their Closely Related

Parties is your proxy, that person will not be able to vote on your behalf in respect of Resolution 1 (Remuneration Report) if you have not directed them how to vote on that Resolution.

8. To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- (a) post to Buxton Resources Limited, PO Box 9028, Subiaco, WA 6008; or
- (b) facsimile to the Company on facsimile number +61 8 9381 4056,
- (c) email to jodi@buxtonresources.com.au

so that it is received not later than 10:30am (WST) on Wednesday 21st November 2012.

Proxy forms received later than this time will be invalid.

PROXY FORM

APPOINTMENT OF PROXY

BUXTON RESOURCES LIMITED

ABN 86 125 049 550

I/We

being a Member of Buxton Resources Limited entitled to attend and vote at the Annual General Meeting, hereby

Appoint

Name of Proxy

or failing the person so named or, if no person is named, the Chairman of the Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the Annual General Meeting to be held at 10:30am (WST), on Friday, 23 November 2012 at The Suite, 210 Nicholson Road, Subiaco, Western Australia and at any adjournment thereof.

Important for Resolutions 1

If you appoint a member of the Company's key management personnel (other than the Chairman of the Meeting) or a closely related party of a member of the Company's key management personnel as your proxy, and you do not direct your proxy how to vote in respect of Resolutions 1 your proxy will NOT cast your vote on these Resolutions and your votes will not be counted.

If you appoint the Chairman of the Meeting as your proxy (or the Chairman of the Meeting becomes your proxy by default) and you do not direct your proxy how to vote in respect of Resolutions 1 to 16, your vote will be cast FOR each of these Resolutions, and you hereby expressly authorise the Chairman of the Meeting to exercise your proxy even though Resolutions 1 to 16 are connected directly or indirectly with the remuneration of the members of the Company's key management personnel.

Voting on Business of the General Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Adoption of Remuneration Report	☐	☐	☐
Resolution 2	Re-election of Director - Seamus Cornelius	☐	☐	☐
Resolution 3	Re-election of Director – Liu Xing Zhou	☐	☐	☐
Resolution 4	Ratification of Prior Issue of Shares to Montezuma	☐	☐	☐
Resolution 5	Ratification of Prior Issue of Shares to NBH	☐	☐	☐
Resolution 6	Approval to Issue Shares to NBH	☐	☐	☐
Resolution 7	Issue of Options to Mr Anthony Maslin	☐	☐	☐
Resolution 8	Issue of Options to Mr Seamus Cornelius	☐	☐	☐
Resolution 9	Issue of Options to Mr Julian Stephens	☐	☐	☐

Resolution 10	Issue of Options to Mr Liu Xing Zhou
Resolution 11	Issue of Options to Consultants
Resolution 12	Approval of Employee Incentive Plan
Resolution 13	Approval to Issue Options to Chancellor Zeuspac and Advisors
Resolution 14	Section 195 Approval
Resolution 15	Approval of Additional Placement Capacity
Resolution 16	Approval of Proportional Takeover Provisions

If the chair of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of a Resolution, please place a mark in the box. By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of the Resolutions and that the votes cast by the Chair of the meeting for those Resolutions other than as proxy holder will be disregarded because of that interest. **The Chair intends to vote any such undirected proxies in favour of all Resolutions.** If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the Resolutions and your votes will not be counted in calculating the required majority if a poll is called on the Resolutions.

☐

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your Shares are not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is %

Please return this Proxy Form to the Company Secretary, Buxton Resources Limited, Suite 1, First Floor 14 – 16 Rowland Street Subiaco or, PO Box 9028, Subiaco, WA, 6008 or by fax to 089 381 4056 by 10:30am (WST) on Wednesday, 21 November 2012 .

Signed this day of 2012.

By:

Individuals and joint holders

Companies (affix common seal if appropriate)

Signature

Director

Signature

Director/Secretary

Signature

Sole Director and Sole Secretary