



ACN 101 049 334

NOTICE OF ANNUAL GENERAL MEETING

TIME: 12:30pm (WST)

DATE: 25 November 2013

PLACE: The Celtic Club
48 Ord Street
WEST PERTH WA 6005

This Notice of Annual General Meeting and Explanatory Memorandum 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 Annual General Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9322 6283.

CONTENTS PAGE

Business of the Meeting (setting out the proposed Resolutions)	2
Explanatory Memorandum (explaining the proposed Resolutions)	11
Glossary	31
Proxy Form	

IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the Annual General Meeting of the Shareholders convened by this Notice of Meeting will be held at 12:30pm (WST) on 25 November 2013 at:

The Celtic Club
48 Ord Street
WEST PERTH WA 6005

YOUR VOTE IS IMPORTANT

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

ATTENDANCE AND VOTING ELIGIBILITY

For the purposes of regulation 7.11.3 of the *Corporations Regulations 2001* (Cth) the Directors have determined that the Shares quoted on the ASX at 5:00pm WST on 21 November 2013 will be taken, for the purposes of this Annual General Meeting, to be held by the persons who held them at that time. Accordingly those persons are entitled to attend and vote (if not excluded) at the Meeting.

VOTING IN PERSON

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

VOTING BY PROXY

To vote by proxy, please complete and sign the Proxy Form enclosed (and the power of attorney or other authority (if any) under which it is signed (or a certified copy)) and either:

- (a) deliver the Proxy Form to the Company's registered office at Level 2, 38 Richardson Street, West Perth, Western Australia 6005;
- (b) send the Proxy Form by post to Cazaly Resources Limited, PO Box 396, West Perth, Western Australia 6872; or
- (c) send the Proxy Form by facsimile to the Company on facsimile number (08) 9322 6398,

so that it is received not later than 12:30pm (WST) on 23 November 2013.

Proxy Forms received later than this time will be invalid.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders will be held at **The Celtic Club, 48 Ord Street, West Perth, Western Australia 6005 at 12:30pm WST on Monday 25 November 2013.**

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

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

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the 2013 Financial Report together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report thereon.

2. 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 ordinary 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."

Note: the vote on this Resolution is advisory only and does not bind the Board or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (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, a person described above (the "voter") may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (c) the voter is appointed as a proxy appointed by writing that specifies the way the proxy is to vote on the Resolution; and
- (d) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR KENT HUNTER

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

“That Mr Kent Hunter, a Director, who retires by rotation in accordance with the Constitution, and being willing and eligible for re-election, is re-elected as a Director.”

4. RESOLUTION 3 – APPROVAL OF 10% PLACEMENT CAPACITY - SHARES

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

“That, for the purpose of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling 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 and on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion Statement:

The Company will disregard any votes cast on this Resolution by a person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair 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.

5. RESOLUTION 4 – RATIFICATION AND APPROVAL OF ISSUE OF SHARES TO SOPHISTICATED INVESTORS

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, Shareholders ratify and approve the issue of 5,000,000 ordinary fully paid shares to sophisticated investors at an issue price of \$0.16 per share on the terms and conditions and in the manner set out in the Explanatory Memorandum.”

Voting Exclusion Statement:

The Company will disregard any votes cast on this Resolution by the sophisticated investors described in the Explanatory Memorandum having regard to the resolution and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair 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.

6. RESOLUTION 5 – RATIFICATION AND APPROVAL OF ISSUE OF SHARES TO 3D RESOURCES LIMITED

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify and approve the issue of 1,250,000 ordinary fully paid shares to 3D Resources Limited at an issue price of \$0.192 per share on the terms and conditions and in the manner set out in the Explanatory Memorandum."

Voting Exclusion Statement:

The Company will disregard any votes cast on this Resolution by 3D Resources Limited having regard to the resolution and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair 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.

7. RESOLUTION 6 – RATIFICATION AND APPROVAL OF ISSUE OF SHARES TO SULPHIDE RESOURCES PTY LTD

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify and approve the issue of 600,000 ordinary fully paid shares to Sulphide Resources Pty Ltd at an issue price of \$0.17 per share on the terms and conditions and in the manner set out in the Explanatory Memorandum."

Voting Exclusion Statement:

The Company will disregard any votes cast on this Resolution by Sulphide Resources Pty Ltd having regard to the resolution and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair 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.

8. RESOLUTION 7 – APPROVAL OF CAZALY RESOURCES LIMITED 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 purpose of ASX Listing Rule 7.2 (Exception 9) and for all other purposes, approval is given to adopt the Company's Employee Incentive Plan and to issue and allot securities under that plan, and to issue and allot Shares pursuant to those securities, from time to time upon the terms and conditions summarised in the Explanatory Memorandum as an exception to ASX Listing Rule 7.1."

Voting Exclusion Statement:

The Company will disregard any votes cast on this Resolution by a Director (except one who is ineligible to participate in any employee incentive plan in relation to the Company) and any associates of such a Director. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the Chair 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.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (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, a person described above (the "voter") may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (c) the voter is appointed as a proxy appointed by writing that specifies the way the proxy is to vote on the Resolution; and
- (d) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

9. RESOLUTION 8 – APPROVAL OF POTENTIAL TERMINATION BENEFITS UNDER CAZALY RESOURCES LIMITED 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 purpose of Sections 200B and 200E of the Corporations Act and for all other purposes, approval is given for the giving of termination benefits under the Company's Employee Incentive Plan by the Company to a person or their associates in connection with that person ceasing to hold a managerial or executive office in the Company or a related body corporate of the Company, as detailed in the Explanatory Memorandum."

Voting Exclusion Statement:

For the purpose of ASX Listing Rule 10.11 and Section 200E(2A) of the Corporations Act, the Company will disregard any votes cast on this Resolution by any Shareholders who are also managerial or executive officers of the Company and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the Chair 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.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (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, a person described above (the "voter") may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (c) the voter is appointed as a proxy appointed by writing that specifies the way the proxy is to vote on the Resolution; and
- (d) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

10. RESOLUTION 9 – APPROVAL OF ISSUE OF DIRECTOR OPTIONS TO MR NATHAN MCMAHON

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

"That for the purposes of Part 2E.1 of the Corporations Act and ASX Listing Rule 10.11, and for all other purposes, the Company is authorised to issue and allot up to 1,500,000 Director Options to Mr Nathan McMahon, who is a Director, and/or his nominee(s), on the terms and conditions and in the manner set out in the Explanatory Memorandum."

Voting Exclusion Statement:

The Company will disregard any votes cast on the Resolution by Mr Nathan McMahon and/or his nominee(s) and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (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, a person described above (the "voter") may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (c) the voter is appointed as a proxy appointed by writing that specifies the way the proxy is to vote on the Resolution; and
- (d) the voter is the Chair and the appointment of the Chair as proxy:
 - (i). does not specify the way the proxy is to vote on this Resolution; and
 - (ii). expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

11. RESOLUTION 10 – APPROVAL OF ISSUE OF DIRECTOR OPTIONS TO MR CLIVE JONES

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

"That for the purposes of Part 2E.1 of the Corporations Act and ASX Listing Rule 10.11, and for all other purposes, the Company is authorised to issue and allot up to 1,500,000 Director Options to Mr Clive Jones, who is a Director, and/or his nominee(s), on the terms and conditions and in the manner set out in the Explanatory Memorandum."

Voting Exclusion Statement:

The Company will disregard any votes cast on the Resolution by Mr Clive Jones and/or his nominee(s) and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (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, a person described above (the "voter") may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (c) the voter is appointed as a proxy appointed by writing that specifies the way the proxy is to vote on the Resolution; and
- (d) the voter is the Chair and the appointment of the Chair as proxy:
 - (i). does not specify the way the proxy is to vote on this Resolution; and
 - (ii). expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

12. RESOLUTION 11 – APPROVAL OF ISSUE OF DIRECTOR OPTIONS TO MR KENT HUNTER

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

"That for the purposes of Part 2E.1 of the Corporations Act and ASX Listing Rule 10.11, and for all other purposes, the Company is authorised to issue and allot up to 500,000 Director Options to Mr Kent Hunter, who is a Director, and/or his nominee(s), on the terms and conditions and in the manner set out in the Explanatory Memorandum."

Voting Exclusion Statement:

The Company will disregard any votes cast on the Resolution by Mr Kent Hunter and/or his nominee(s) and any of his associates. However, the Company need not disregard a

vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (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, a person described above (the "voter") may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (c) *the voter is appointed as a proxy appointed by writing that specifies the way the proxy is to vote on the Resolution; and*
- (d) *the voter is the Chair and the appointment of the Chair as proxy:*
 - (i). *does not specify the way the proxy is to vote on this Resolution; and*
 - (ii). *expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.*

OTHER BUSINESS

To deal with any business that may be lawfully brought forward.

PROXIES

A Shareholder entitled to attend and vote at the Meeting of the Company has a right to appoint a proxy to attend and vote instead of the Shareholder. A proxy need not be a Shareholder and can be either an individual or a body corporate. If a Shareholder appoints a body corporate as a proxy that body corporate will need to ensure that it:

- appoints an individual as its corporate representative to exercise its powers at the meeting, in accordance with section 250D of the Corporations Act; and
- provides the Company with satisfactory evidence of the appointment of its corporate representative prior to commencement of the Meeting.

If such evidence is not received before the Meeting, then the body corporate (through its representative) will not be permitted to act as proxy.

A Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the Shareholder's votes. Fractions will be disregarded.

In order to vote on behalf of a company that is a Shareholder, a valid Power of Attorney in the name of the attendee, must be either lodged with the Company prior to the Meeting, or be presented at the Meeting before registering on the attendance register for the Meeting.

Forms to appoint proxies, and the Power of Attorney (if any) under which they are signed, must be lodged at the registered office of the Company, at Level 2, 38 Richardson Street, West Perth WA 6005, or by facsimile (61 8) 9322 6398 not less than 48 hours before the time of the Meeting or resumption of an adjourned meeting at which the person named in the instrument proposes to vote.

An instrument appointing a proxy:

- a) shall be in writing under the hand of the appointor or of his attorney, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney;
- b) may specify the manner in which the proxy is to vote in respect of a particular Resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the Resolution except as specified in the instrument;
- c) shall be deemed to confer authority to demand or join in demanding a poll;
- d) shall be in such form as the Directors determine and which complies with section 250A of the Corporations Act;
- e) which appoints the Chair as proxy but does not specify the way in which the proxy is to vote on a particular Resolution will be recorded as voting in favour of the Resolutions (subject to the other provisions of these notes on Proxies and any required voting exclusions including those in the Notice) as this is the Chair's voting intention.

Corporations

A corporation may elect to appoint a representative in accordance with the Corporations Act in which case the Company will require written proof of the

representative's appointment which must be lodged with, or presented to, the Company before the commencement of the Meeting.

Proxies given by corporate Shareholders must be executed in accordance with their constitutions, or signed by a duly authorised attorney. A proxy may decide whether to vote on any motion, except where the proxy is required by law or the Constitution to vote, or abstain from voting, in their capacity as proxy.

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

Proxy Restrictions

Shareholders (who are not a member of the Key Management Personnel details of whose remuneration are including in the Remuneration Report or a Closely Related Party of that member) appointing a proxy for Resolution 1 should note the following:

If you appoint a member of the Key Management Personnel as your proxy

If you elect to appoint a member of Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of that member, ***you must direct the proxy how they are to vote***. Undirected proxies granted to these persons will not be included in any vote on Resolution 1.

If you appoint the Chair as your proxy

If you elect to appoint the Chair as your proxy, you ***do not*** need to direct the Chair how you wish them to exercise your vote on Resolution 1 however if you do not direct the Chair how to vote, ***you acknowledge that the Chair may exercise his or her discretion in exercising your proxy even though Resolution 1 is connected directly or indirectly with the remuneration of Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for that entity***.

The Chair intends to vote all available proxies in favour of Resolution 1.

If you appoint any other person as your proxy

You ***do not*** need to direct your proxy how to vote.

DATED: 21 OCTOBER 2013

BY ORDER OF THE BOARD

**MIKE ROBBINS
COMPANY SECRETARY**

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of shareholders of Cazaly Resources Limited in connection with the business specified to be conducted in the Notice of Annual General Meeting at the annual general meeting of Shareholders to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia 6005 at 12:30pm WST on 25 November 2013.

The purpose of this Explanatory Memorandum is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions. The Directors recommend that Shareholders read in full this Explanatory Memorandum in conjunction with the accompanying Notice of Annual General Meeting of which this Explanatory Memorandum forms a part.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the 2013 Financial Report together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report thereon.

The Company will not provide a hard copy of the 2013 Financial Report to Shareholders unless specifically requested to do so. The 2013 Financial Report is available on its website at www.cazalyresources.com.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT (NON-BINDING VOTE)

2.1 General

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 Board or the Company.

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

2.2 Voting Consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, if at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report at the two consecutive annual general meetings, the company will be required to put to shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of directors of the Company (**Spill Resolution**).

If more than 50% of shareholders vote in favour of the Spill Resolution, the company must convene the extraordinary general meeting (**Spill Meeting**) within 90 days of the company's 2014 annual general meeting. All of the directors who were in office when the company's 2014 directors' report was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as directors is approved will be the directors of the company.

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 2013 Financial Report.

At the Company's previous annual general meeting, less than 25% of votes were cast against the remuneration report at that meeting. Accordingly the Spill Resolution is not relevant for this Annual General Meeting.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR KENT HUNTER

Clause 11.3 of the Constitution requires that at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of three (3), then the number nearest one-third, shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of three (3) years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

A Director who retires by rotation under clause 11.3 of the Constitution is eligible for re-election.

The Company currently has three (3) Directors and accordingly one (1) must retire.

Mr Kent Hunter, the Director, retires by rotation in accordance with the Constitution and, being willing and eligible for re-election, seeks re-election.

The profile of Mr Kent Hunter is set out in the 2013 Financial Report.

3.1 Directors' Recommendation

The Directors (other than Mr Kent Hunter) recommend that Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 – APPROVAL OF 10% PLACEMENT CAPACITY - SHARES

4.1 Purpose of resolution

The purpose of this resolution is to authorise the Directors to seek Shareholder approval to allow it to issue a further 10% of the Company's issued share capital under Listing Rule 7.1A during the 10% Placement Period in addition to and without using the Company's 15% placement capacity under Listing Rule 7.1.

This effectively gives the Directors a 25% placement capacity less that part of its placement capacity not available under Listing Rule 7.1.

4.2 General information

Listing Rule 7.1A came into effect on 1 August 2012 and enables "eligible entities" to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting if the Equity Securities are in an existing quoted class of the Company's securities

("10% Placement Facility"). The 10% Placement Facility is in addition to the Company's 15% placement annual capacity under Listing Rule 7.1.

An "eligible entity" for the purposes of 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.

The Company is seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility during the period up to 12 months after the Meeting. As Resolution 3 is a special resolution 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 3 for it to be passed.

If Shareholders approve Resolution 3 the exact number of Equity Securities that may be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 4.3 below).

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon the issue of any Equity Securities under the 10% Placement Facility.

4.3 Description of Listing Rule 7.1A

(a) **Shareholder approval**

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting, which is in addition to its 15% annual placement capacity.

(b) **Equity Securities**

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue one class of Equity Securities, namely Shares.

(c) **Formula for calculating 10% Placement Facility**

Listing rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

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

A is the number of shares on issue 12 months before the date of issue or agreement:

- (i) *plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;*

- (ii) *plus the number of partly paid shares that became fully paid in the 12 months;*
- (iii) *plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% annual placement capacity without shareholder approval;*
- (iv) *less the number of fully paid shares cancelled in the 12 months.*

*Note that **A** has the same meaning in Listing Rule 7.1 when calculating an entity's 15% annual placement capacity.*

D is 10%

E is the number of Equity Securities issued or agreed to be issued under 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 Listing Rule 7.1 or 7.4.

(d) **Listing Rule 7.1 and Listing Rule 7.1A**

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 130,477,121 Shares and therefore has a capacity to issue:

- (i) 15% or 19,571,568 Equity Securities under Listing Rule 7.1; and
- (ii) 10% or 13,047,712 Equity Securities subject to Shareholder approval being sought under this Resolution 3 under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities, or the agreement date, in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 4.3 (c) above).

(e) **Information required by Listing Rule 7.3A**

Pursuant to and in accordance with Listing Rule 7.3A, the below information is provided in relation to the approval of the 10% Placement Facility:

Minimum Price

- (i) The minimum price at which the Equity Securities may be issued over the 15 Trading Days immediately before:
 - the date on which the price at which the Equity Securities are to be issued is agreed; or
 - if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (A) above, the date on which the Equity Securities are issued.

Date of Issue

(ii) The Equity Securities may be issued under the 10% Placement Facility commencing on the date of the Meeting and expires on the earlier to occur of:

- the date that is 12 months after the date of this Meeting; or
- the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX (**10% Placement Period**).

Risk of economic and voting dilution

(iii) If Resolution 3 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the table below.

Shareholder should note that there is a risk that:

- the market price for the Equity Securities to be issued may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
- the Equity Securities may be issued at a price that is at a discount to the market price for those Equity Securities on the issue date.

Any issue of Equity Securities under the 10% Placement Facility will dilute the interests of Shareholders who do not receive any Shares under the issue. If Resolution 3 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Facility, the economic and voting dilution of existing Shares would be as shown in the table below.

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 Listing Rule 7.1A.2 as at the date of this Notice, assuming the full 10% dilution.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Facility.

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.055 50% decrease in Issue Price	\$0.11 Issue Price	\$0.165 50% increase in Issue Price
Current Variable A 130,477,121 Shares	Shares issued	13,047,712 Shares	13,047,712 Shares	13,047,712 Shares
	Funds raised	\$717,624	\$1,435,248	\$2,152,872
50% increase* in current Variable A 195,715,682 Shares	Shares issued	19,571,568 Shares	19,571,568 Shares	19,571,568 Shares
	Funds raised	\$1,076,436	\$2,152,872	\$3,229,309
100% increase* in current Variable A 260,954,242 Shares	Shares issued	26,095,424 Shares	26,095,424 Shares	26,095,424 Shares
	Funds raised	\$1,435,248	\$2,870,497	\$4,305,745

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued under Listing Rule 7.1.

The table has been prepared on the following assumptions:

- (A) The current Shares on issue are the Shares on issue at 18 October 2013.
- (B) The issue price set out above is the closing price of the Shares on the ASX on 18 October 2013.
- (C) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility hence the voting dilution is shown in each example as 10%.
- (D) The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances, and if necessary seek advice from their professional advisers.
- (E) No unlisted options of the Company are exercised into Shares before the date of issue of the Equity Securities.
- (F) The table shows only the effect of issues of Equity Securities under ASX Listing Rule 7.1A, and not dilution under the 15% placement capacity under ASX Listing Rule 7.1, under ASX Listing Rule 7.2, or Shareholder approvals under ASX Listing Rule 7.1.
- (G) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes listed options, it is assumed that

those listed options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.

Purpose of issue under 10% Placement Facility

- (iv) The Company may seek to issue the Equity Securities for the following purposes:
- cash consideration, in which case the Company intends to use the funds raised towards continued exploration and development of the Company's current assets, the evaluation and acquisition of new opportunities and general working capital; or
 - non-cash consideration for the acquisition of new resources assets and other investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A3.

Allocation under the 10% Placement Facility

- (v) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
- the purpose of the issue;
 - the alternative methods of raising funds that are available to the Company, including but not limited to, an entitlement issue or other issue in which existing security holders can participate;
 - the effect of the issue of the Equity Securities on the control of the Company;
 - the circumstances of the Company, including but not limited to the financial situation and solvency of the Company;
 - prevailing market conditions; and
 - advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing Shareholders and/or new Shareholders, who are not related parties of the Company or their associates.

Previous Approval under ASX Listing Rule 7.1A

- (vi) The Company last obtained Shareholder approval under Listing Rule 7.1A at last year's Annual General Meeting held on 23 November 2012.

Voting Exclusive

- (vii) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not invited any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

Details of all Equity Security Issues as required under ASX Listing Rule 7.3A.6

Date of Issue	29 Jan 2013	16 Apr 2013	12 Jul 2013	20 Aug 2013	20 Aug 2013
Number Issued	600,000	5,000,000	1,037,996	100,000	100,000
Class/Type	Ordinary shares	Ordinary shares	Ordinary shares	Unlisted options	Unlisted options
Summary of Terms	NA	NA	Rights issue	Exercise price \$0.100 Exercisable before 31/7/15	Exercise price \$0.107 Exercisable before 31/7/16
Name of Persons Issued Securities	Sulphide Resources P/L	Sophisticated investors	Shareholders	Employees	Employees
Price	\$0.17	\$0.16	\$0.16	Nil	Nil
Discount to market	Nil	Nil	Nil	NA	NA
CASH ISSUES					
Cash Received	102,000	800,000	25,279	NA	NA
Cash Spent	102,000	800,000	25,279	NA	NA
Use of Cash	Consideration for 1.5% net smelter royalty	CAZ exploration and working capital	CAZ exploration and working capital	NA	NA
Cash Unspent	Nil	Nil	Nil	NA	NA
NON-CASH ISSUES					
Non-cash consideration	NA	NA	NA	NA	NA
Current value of non-cash consideration	NA	NA	NA	NA	NA

Pursuant to and in accordance with Listing Rule 7.3A.6 (a), the total number of equity securities issued since the date of the last AGM held on 23 November 2012 are as follows:

Class/Type	On Issue 23 November 2012	Number Issued Since 23 November 2012	% Issued Since 23 November 2012
Ordinary Shares	123,839,125	6,637,996	5.3%
Unlisted Options	1,975,000	200,000	10.1%

4.4 Directors' Recommendation

The Directors consider that the approval of the issue of the 10% 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 ASX Listing Rule 7.1A in the next 12 months (without further Shareholder approval), should it be required and which will be in addition to, and without using, the Company's 15% annual placement capacity. At the date of the Notice, the Company has no plans to use the 10% Placement Facility should it be approved. Accordingly the Directors recommend that Shareholders vote in favour of Resolution 3.

5. RESOLUTION 4 – RATIFICATION AND APPROVAL OF ISSUE OF SHARES TO SOPHISTICATED AND PROFESSIONAL INVESTORS

Background

Resolution 4 seeks the approval from the Shareholders for the issue of 5,000,000 Shares to sophisticated and professional investors under a private placement.

ASX Listing Rule 7.4

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, equity securities (which includes shares) that exceed 15% of the total number of fully paid ordinary securities on issue in any 12 month period, unless approval is obtained from the holders of the company's ordinary securities. ASX Listing Rule 7.4 provides that the approval of holders of the company's ordinary securities may be obtained after the issue of equity securities. The effect of such ratification is to restore the company's discretionary power to issue further securities up to 15% of the number of fully paid ordinary securities on issue at the beginning of the relevant 12 month period without obtaining shareholder approval.

The following information is provided for the purpose of ASX Listing Rule 7.4.

(a) Number of securities issued or to be issued

5,000,000 shares

If shareholders approve Resolution 4, the issue of 5,000,000 shares will be excluded from the calculations of the 15% limit under ASX Listing Rule 7.1.

(b) Issue price of securities

\$0.16 per Share

(c) Terms of the securities

Shares will be fully paid and will rank parri passu in all respects with the Company's other Shares on issue.

(d) Allottees

Sophisticated and professional investors determined at the discretion of the Directors. The allottees are not related parties of the Company.

(e) Intended use of funds raised.

The funds have been used for exploration and development of the Company's projects and to provide working capital.

Directors' Recommendation

The Board recommends Shareholder approval under resolution 4 for the issue of Shares pursuant to ASX Listing Rule 7.4 to refresh the Company's capacity to issue up to 15% of its issued Shares, if required, in the next 12 months without Shareholder approval.

6. RESOLUTION 5 – RATIFICATION AND APPROVAL OF ISSUE OF SHARES TO 3D RESOURCES LIMITED

Background

Resolution 5 seeks the approval from the Shareholders for the issue of 1,250,000 Shares to 3D Resources Limited. In October 2012, the Company entered into a Tenement Sale, Farm-In and Joint Venture Agreement with 3D Resources Limited to earn up to a 75% interest in the Halls Creek Copper Project, located in the Kimberley region of Western Australia. The payment of \$100,000 cash and the issue of the 1,250,000 Shares is consideration for the outright purchase of an initial 20% interest.

ASX Listing Rule 7.4

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, equity securities (which includes shares) that exceed 15% of the total number of fully paid ordinary securities on issue in any 12 month period, unless approval is obtained from the holders of the company's ordinary securities. ASX Listing Rule 7.4 provides that the approval of holders of the company's ordinary securities may be obtained after the issue of equity securities. The effect of such ratification is to restore the company's discretionary power to issue further securities up to 15% of the number of fully paid ordinary securities on issue at the beginning of the relevant 12 month period without obtaining shareholder approval.

The following information is provided for the purpose of ASX Listing Rule 7.4.

(a) Number of securities issued or to be issued

1,250,000 shares

If shareholders approve Resolution 5, the issue of 1,250,000 shares will be excluded from the calculations of the 15% limit under ASX Listing Rule 7.1.

(b) Issue price of securities

\$0.192 per Share

(c) Terms of the securities

Shares will be fully paid and will rank parri passu in all respects with the Company's other Shares on issue.

(d) Allottees

3D Resources Limited.

(e) Intended use of funds raised.

The shares were issued as part consideration for an initial 20% interest in the Halls Creek Copper Project.

Directors' Recommendation

The Board recommends Shareholder approval under resolution 5 for the issue of Shares pursuant to ASX Listing Rule 7.4 to refresh the Company's capacity to issue up to 15% of its issued Shares, if required, in the next 12 months without Shareholder approval.

7. RESOLUTION 6 – RATIFICATION AND APPROVAL OF ISSUE OF SHARES TO SULPHIDE RESOURCES LIMITED

Background

Resolution 6 seeks the approval from the Shareholders for the issue of 600,000 Shares to Sulphide Resources Pty Ltd. In January 2013, the Company finalised the purchase of a 1.5% Net Smelter Royalty from Sulphide Resources Pty Ltd over M80/247, and includes the Mount Angelo North copper deposit located in the Kimberley region of Western Australia.

ASX Listing Rule 7.4

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, equity securities (which includes shares) that exceed 15% of the total number of fully paid ordinary securities on issue in any 12 month period, unless approval is obtained from the holders of the company's ordinary securities. ASX Listing Rule 7.4 provides that the approval of holders of the company's ordinary securities may be obtained after the issue of equity securities. The effect of such ratification is to restore the company's discretionary power to issue further securities up to 15% of the number of fully paid ordinary securities on issue at the beginning of the relevant 12 month period without obtaining shareholder approval.

The following information is provided for the purpose of ASX Listing Rule 7.4.

(a) *Number of securities issued or to be issued*

600,000 shares

If shareholders approve Resolution 6, the issue of 600,000 shares will be excluded from the calculations of the 15% limit under ASX Listing Rule 7.1.

(b) *Issue price of securities*

\$0.17 per Share

(c) *Terms of the securities*

Shares will be fully paid and will rank parri passu in all respects with the Company's other Shares on issue.

(d) *Allottees*

Sulphide Resources Pty Ltd.

(e) *Intended use of funds raised.*

The shares were issued as consideration for 1.5% Net Smelter Royalty over M80/247 and includes Mount Angelo North deposit.

Directors' Recommendation

The Board recommends Shareholder approval under resolution 6 for the issue of Shares pursuant to ASX Listing Rule 7.4 to refresh the Company's capacity to issue up to 15% of its issued Shares, if required, in the next 12 months without Shareholder approval.

8. RESOLUTION 7 – APPROVAL OF CAZALY RESOURCES LIMITED EMPLOYEE INCENTIVE PLAN

8.1 General

To ensure that the Company has appropriate mechanisms to continue to attract and retain the services of executive Directors and employees of a high calibre, the Company seeks to renew and update its "Cazaly Resources Limited Employee Incentive Plan" (**Plan**).

Listing Rule 7.1 provides, in summary, that subject to certain conditions, the Company must not issue or agree to issue equity securities, including options, in any 12 month period equal to more than 15% of the number of issued fully paid ordinary shares of the Company at the beginning of the 12 month period, except with prior shareholder approval in general meeting of the terms and conditions of the proposed issue.

Resolution 7 seeks Shareholder approval under exception 9(b) of ASX Listing Rule 7.2 to allow the grant of Options under the Plan (**Incentive Options**), and the issue of Shares on exercise of the Incentive Options, as an exception to ASX Listing Rule 7.1.

The grant of Incentive Options will only fall within exception 9(b) of ASX Listing Rule 7.2 if the Incentive Options are issued under an employee incentive option plan approved by Shareholders within three years before the date of issue.

If Resolution 7 is passed, the Company will have the ability to issue Incentive Options to Eligible Participants under the Plan over a period of three years without impacting on the Company's 15% annual placement capacity under ASX Listing Rule 7.1.

The executive Directors and employees of the Company have been, and will continue to be, instrumental in the growth of the Company. The Directors consider that the Plan is an appropriate method to:

- (a) Reward executive Directors and employees for their past performance;
- (b) provide long term incentives for participation in the Company's future growth;
- (c) motivate executive Directors and generate loyalty from senior employees; and
- (d) assist to retain the services of valuable executive Directors and employees.

The Plan will be used as part of the remuneration planning for executive Directors and employees. The Corporate Governance Council Guidelines recommend that executive remuneration packages involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the company's circumstances and goals. Non-executive Directors are not eligible to participate in the Plan.

8.2 ASX Listing Rule 7.2 (Exception 9(b)) Disclosure Requirements

In accordance with Listing Rule 7.2 (Exception 9(b)), the following information is disclosed to Shareholders for the purposes of Resolution 7:

- (a) A summary of the terms and conditions of the Plan is set out in section 8.3 below.
- (b) No Incentive Options have yet been issued under the Plan.
- (c) A voting exclusion statement is included in the Notice.

8.3 Employee Incentive Option Plan

- (a) **Eligibility and Grant of Incentive Options:** The Board may grant Incentive Options to any full or part time employee or executive Director (but not a non-executive Director) of the Company or an associated body corporate. Incentive Options may be granted by the Board at any time.
- (b) **Consideration:** Each Incentive Option issued under the Plan will be issued for nil cash consideration.
- (c) **Conversion:** Each Incentive Option is exercisable into one Share in the Company ranking equally in all respect with the existing issued Shares in the Company.
- (d) **Exercise Price and Expiry Date:** The exercise price and expiry date for Incentive Options granted under the Plan will be determined by the Board prior to the grant of the Incentive Options.
- (e) **Exercise Restrictions:** The Incentive Options granted under the Plan may be subject to conditions on exercise as may be fixed by the Directors prior to

grant of the Incentive Options (**Exercise Conditions**). Any restrictions imposed by the Directors must be set out in the offer for the Incentive Options.

- (f) **Lapsing of Incentive Options:** Subject to the terms of the Offer made to a Participant, an unexercised Incentive Option will lapse:
 - (i) on its Expiry Date;
 - (ii) if any Exercise Condition is unable to be met; and
 - (iii) subject to certain exceptions, on the eligible participant ceasing employment with the Company.
- (g) **Share Restriction Period:** Shares issued on the exercise of Incentive Options may be subject to a restriction that they may not be transferred or otherwise dealt with until a Restriction Period has expired, as specified in the offer for the Incentive Options.
- (h) **Disposal of Incentive Options:** Incentive Options will not be transferable and will not be quoted on the ASX, unless the offer provides otherwise or the Board in its absolute discretion approves.
- (i) **Trigger Events:** The Company may permit Incentive Options to be exercised in certain circumstances where there is a change in control of the Company (including by takeover) or entry into a scheme of arrangement.
- (j) **Participation in Rights Issues and Bonus Issues:**
 - (i) There are no participating rights or entitlements inherent in the Incentive Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Incentive Options.
 - (ii) The Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least six (6) Business Days after the issue is announced. This will give Option holders the opportunity to exercise their Incentive Options prior to the date for determining entitlements to participate in any such issue.
 - (iii) If the Company makes a pro rata issue of securities (except a bonus issue) to the holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the Option Exercise Price shall be reduced according to the formula specified in the Listing Rules.
 - (iv) In the event of a bonus issue of Shares being made pro-rata to Shareholders, (other than an issue in lieu of dividends), the number of Shares issued on exercise of each Option will include the number of bonus Shares that would have been issued if the Option had been exercised prior to the record date for the bonus issue. No adjustment will be made to the exercise price per Share of the Option.
- (k) **Reorganisation:** The terms upon which Incentive Options will be granted will not prevent the Incentive Options being re-organised as required by the Listing Rules on the re-organisation of the capital of the Company.
- (l) **Limitations on Offers:** The Company must take reasonable steps to ensure that the number of Shares to be received on exercise of Incentive Options offered under an offer when aggregated with:
 - (i) the number of Shares that would be issued if each outstanding offer for Shares, units of Shares or options to acquire Shares under the Plan

- or any other employee share scheme of the Company were to be exercised or accepted; and
- (ii) the number of Shares issued during the previous 5 years from the exercise of Incentive Options issued under the Plan (or any other employee share plan of the Company extended only to Eligible Participants),

does not exceed 5% of the total number of Shares on issue at the time of an offer (but disregarding any offer of Shares or option to acquire Shares that can be disregarded in accordance with ASIC Class Order 03/184).

8.4 Directors' Recommendation

The Chairman recommends that Shareholders vote in favour of Resolution 7. As possible recipients of termination benefits under the proposed Plan, it is not appropriate for the executive Directors to make a recommendation.

9. RESOLUTION 8 – APPROVAL OF POTENTIAL TERMINATION BENEFITS UNDER CAZALY RESOURCES LIMITED EMPLOYEE INCENTIVE PLAN

9.1 General

The Corporations Act restricts the benefits which can be given to certain persons (those who hold a managerial or executive office, as defined in the Corporations Act) on leaving their employment with the Group. Under section 200B of the Corporations Act, a company may only give a person a benefit in connection with their ceasing to hold a managerial or executive office in the company or its related bodies corporate if it is approved by shareholders or an exemption applies. The provisions of the Corporations Act relating to termination benefits were amended in 2009 to significantly reduce the maximum termination benefits that can be given without prior shareholder approval and to expand the scope of the provisions. The new, lower termination benefits cap applies to all Directors (including executive Directors) and, since November 2009, to all key management personnel of the Group (that is, to all persons whose remuneration is required to be disclosed in the Remuneration Report), including those who are not Directors. Additionally, persons subject to the restrictions remain subject to them for at least three years after they cease to be managerial or executive officer.

Resolution 8 seeks Shareholder approval for the implementation of the Plan. Under the proposed Plan (the subject of Resolution 7), circumstances in which the early vesting of Incentive Options are permitted, include termination of the employee's employment or office with the Company due to redundancy or in other circumstances where the Board exercises its discretion to do so as well as change of control events, notwithstanding that the Company will comply with its obligations under ASX Listing Rules 10.18 and 10.19. The termination "benefit" under section 200B of the Corporations Act has a wide operation and relevantly includes, in the context of Resolution 7, the early vesting of Incentive Options granted under the Plan.

Resolution 8 therefore seeks approval of any "termination benefit" that may be provided to an employee under the proposed Plan (the subject of Resolution 7), who from, time to time, holds a managerial or executive office (as defined in the Corporations Act) in the Group.

Specifically, Shareholder approval is being sought to give the Board (or the Boards' delegate) the capacity to exercise certain discretions under the Plan,

including the discretion to determine to vest some or all of the unvested Incentive Options of any relevant participant who is affected by the new termination benefits laws when they leave employment with the Group.

Non-Executive Directors are not entitled to participate in the Plan and so the approval will not apply to them. The Company is seeking approval to assist the Group to meet its existing obligations to executive Directors and employees of the group, and to provide the Group with the flexibility to continue to remunerate employees fairly and responsibly.

If all relevant Shareholder approval is obtained under Resolution 7 and this Resolution 8, and the Board exercises its discretion to vest some or all of an affected participant's unvested Incentive Options (or to provide that the participant's Incentive Options do not lapse but will continue and be vested in the ordinary course), the value of the benefit will be disregarded when calculating the relevant participants cap for the purposes of subsection 200F(2)(b) or subsection 200G(1)(c) of the Corporations Act.

9.2 Section 200E of the Corporations Act

Section 200E requires certain information to be provided to shareholders in approving a termination benefit. Whilst the value of the proposed termination benefits cannot current be ascertained, the manner in which the value of the proposed termination benefits is calculated, and the matters, events and circumstances that will, or are likely to, affect the calculation of the value are as follows:

Details of the termination benefits

The proposed Plan, if approved by Shareholders under Resolution 7, contains provisions setting out the treatment of unvested options in situations such as where an employee leaves the Company (in certain circumstances) or where there is a change in control of the Company. For example, under the rules of the Plan, where a participant resigns from his or her employment with the Company before his or her Incentive Options have vested, the Board may exercise its discretion to determine that some or all of the Incentive Options will vest, and the basis on which vesting may occur (which may include, without limitation, timing and conditions). Similarly, if a "change of control" occurs, the Board may determine that some or all of a participant's unvested Incentive Options will vest. The exercise of these discretions will constitute a "benefit" for the purposes of the Corporations Act's termination benefits provisions.

Value of the termination benefits

The value of the termination benefits that the Board may give under the proposed Plan cannot be determined in advance. This is because the proposed Plan is subject to approval under Resolution 7 and if approved by Shareholders, various matters will, or are likely to affect that value. Specifically, if the Plan is approved by Shareholders under Resolution 7, the value of a particular benefit will depend on the Company's share price at the time of vesting and the number of Incentive Options that the Board decided to vest. Some of the factors that may affect the value of the termination benefits are as follows:

- (a) the participant's length of service and the proportion of any relevant performance periods that have expired at the time they leave employment;

- (b) the participant's total fixed remuneration at the time grants are made under the Plan and at the time they leave employment; and
- (c) the number of unvested Incentive Options that the participant holds at the time they leave employment.

9.3 Directors' recommendation

The Chairman recommends that Shareholders vote in favour of Resolution 8. As possible recipients of termination benefits under the proposed Plan, it is not appropriate for the other executive Directors to make a recommendation.

10. RESOLUTIONS 9 TO 11 - APPROVAL OF THE ISSUE OF A TOTAL OF 2,500,000 OPTIONS TO DIRECTORS

Resolutions 9 to 11 seek the approval of Shareholders for the issue of 3,500,000 Director Options to Directors and/or their nominee(s) as follows:

Resolution	Director	# of Director Options (i)
Resolution 9	Nathan McMahon	1,500,000
Resolution 10	Clive Jones	1,500,000
Resolution 11	Kent Hunter	500,000

- i. Expiry date on or before 5.00pm WST on the date that is 3 years less one day following the date of issue at an exercise price equal to 150% of the VWAP for the 5 Trading Days preceding the date of the Meeting. Accordingly the exercise price is not known as at the date of this Notice. The exercise price will be announced when known, but in any case prior to the Meeting.

Shareholder approval of the grant of the Director Options the subject of Resolutions 9 to 11 is sought for the purposes of:

- 1) Part 2E.1 of the Corporations Act, which governs the giving of financial benefits to directors and other "related parties" of a company; and
- 2) ASX Listing Rule 10.11, which provides that, subject to certain exceptions (none of which are relevant here), a company must not issue or grant securities to a director without shareholder approval.

The object of Resolutions 9 to 11 is to provide the Directors with a mechanism to participate in the future development of the Company and an incentive for their future involvement with and commitment to the Company. The Directors believe that the success of the Company in the future will depend in large part upon the skills of the people engaged to manage the Company's operations. Accordingly it is important that the Company is able to attract and retain people of the highest calibre. The Directors consider that the most appropriate means of achieving this is to provide directors with an opportunity to participate in the Company's future growth and an incentive to contribute to that growth.

If Shareholder approval is obtained for Resolutions 9 to 11, the Director Options will be granted within one month of Shareholder approval.

10.1 Terms of Director Options

Subject to Shareholder approval, the Director Options will be granted on the terms and conditions set out in Annexure "A" to this Explanatory Memorandum.

10.2 Part 2E.1 of the Corporations Act

Part 2E.1 of the Corporations Act prohibits the Company from giving financial benefit to a “related party” of the Company (such as a Director) unless either:

- a) the giving of the financial benefit falls within one of the nominated exceptions to the relevant provisions of the Corporations Act; or
- b) prior Shareholder approval is obtained to the giving of the benefit.

For the purposes of Part 2E.1, Messrs McMahon, Jones and Hunter (and/or their nominee(s)) are considered to be related parties of the Company and, therefore, the proposed grant of Director Options to them (and/or their nominee(s)) requires prior Shareholder approval.

The annual remuneration packages including any superannuation and non-cash benefits payable to each Director is as follows:

Director	Position	Remuneration (p.a)	Estimated value of Director Options to be issued (Refer to Annexure “B” to this Explanatory Memorandum)
Nathan McMahon	Managing Director	\$180,000	\$90,150
Clive Jones	Managing Director	\$180,000	\$90,150
Kent Hunter	Non-executive Director	\$27,500	\$30,050

The following table sets out Messrs McMahon, Jones and Hunter’s beneficial interest in the securities of Cazaly:

	Current	Proposed ^(a)
Director	Ordinary Shares	Ordinary Shares
Nathan McMahon	17,190,939	18,690,939
Clive Jones	10,075,114	11,575,114
Kent Hunter	2,052,103	2,552,103

(a) Assuming Shareholders approve the issue of the Director Options to Directors that are the subject of Resolutions 9 to 11 and all Director Options are exercised.

In accordance with the requirements of Part 2E.1 and, in particular, sections 219 and 221 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided to Shareholders to allow them to assess the proposed grant of Director Options:

1. being Directors, Messrs McMahon, Jones and Hunter are related parties of the Company to whom the financial benefit would be given by virtue of section 228(2)(a) of the Corporations Act (or in the case of their respective nominee(s), section 228(4) of the Corporations Act);
2. the nature of the financial benefit to be given is the grant of 1,500,000 Director Options each to Messrs McMahon and Jones and the grant of 500,000 Director Options to Mr Hunter on the terms set out in Annexure “A” to this Explanatory Memorandum;
3. the Director Options will be issued within one month of the date of the Meeting;

4. Mr McMahon is not entitled and does not wish to make a recommendation to Shareholders regarding Resolution 9 on the basis that he has an interest in the outcome of the Resolution; Mr Jones is not entitled and does not wish to make a recommendation to Shareholders regarding Resolution 10 on the basis that he has an interest in the outcome of the Resolution; Mr Hunter is not entitled and does not wish to make a recommendation to Shareholders regarding Resolution 11 on the basis that he has an interest in the outcome of the Resolution;
5. the Director Options are to be granted for nil consideration and therefore no funds will be raised from their issue;
6. an estimate of the value of the Director Options is set out in Annexure "B" to this Explanatory Memorandum;
7. neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision as to whether it is in the best interests of the Company to pass the Resolution other than as follows:
 - (a) if all the Director Options the subject of Resolutions 9 to 11 are granted and exercised, then the Company's fully paid share capital (based on the existing number of Shares) will be diluted by 2.7%;
 - (b) the Directors consider that the incentive represented by the grant of Director Options is a cost effective and efficient incentive when compared to other forms of incentive such as cash, bonuses or increased remuneration;
 - (c) the primary purpose of the grant of Director Options is to provide an incentive to Messrs McMahon, Jones and Hunter. Given this purpose, the Directors do not consider that there is any opportunity cost or benefit foregone to the Company in granting the Director Options that are the subject of Resolutions 9 to 11 (other than as set out below); and
 - (d) the Board has examined carefully the individual remuneration packages of Directors to determine the fairness and reasonableness of the remuneration package. As part of the examination, the Board has reviewed the remuneration packages of industry executives and non-executives in similar roles; and
8. the Board acknowledges that the grant of Director Options to Messrs McMahon, Jones and Hunter is contrary to Recommendation 8.3 of the ASX Corporate Governance Principles and Recommendations. However the Board considers the grants to Messrs McMahon, Jones and Hunter are appropriate in the circumstances for the reasons set out below.

Based on the examination, the Board has concluded that the totality of Messrs McMahon, Jones and Hunter's remuneration packages, including the equity component of 3,500,000 Director Options now to be considered for approval by Shareholders, is fair and reasonable in the circumstances of Cazaly given its size and stage of development, market practice of other companies in the mineral exploration industry and given the necessity to attract and retain the highest calibre of skilled professionals to the Company whilst maintaining the Company's cash reserves, and in light of Messrs McMahon, Jones and Hunter's management experience and knowledge of the mineral exploration industry.

The Directors do not consider that there are any opportunity costs to the Company or benefits forgone by the Company in respect of the proposed issue of Director Options pursuant to Resolutions 9 to 11, other than, if the Director Options are exercised when the market price of the Shares is greater than the exercise price of the Director Options, there will be a detriment insofar as the Company will be required to issue Shares at a price lower than it might otherwise have been able to, with the result that less funds will be raised. Any funds raised

from the exercise of Director Options will supplement the Company's working capital requirements.

The latest available price of Shares quoted on the ASX prior to the date of this Notice of Meeting on 18 October 2013 was \$0.11. The highest price for Shares trading on the ASX over the last 12 months was \$0.255 and the lowest price in that period was \$0.071.

10.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 provides that, subject to certain exemptions (none of which are relevant here), a company must not issue options to a related party without shareholder approval. Resolutions 9 to 11 seek this approval.

Information required for the purposes of ASX Listing Rule 10.13 in relation to the Shareholder approval sought under ASX Listing Rule 10.11 pursuant to Resolutions 9 to 11 is provided in the Notice of Meeting and the Explanatory Memorandum above.

10.4 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that prior approval of shareholders is required for an issue of equity securities if the equity securities will, when aggregated with the equity securities issued by a company during the previous 12 months, exceed 15% of the number of ordinary shares on issue at the commencement of that 12 month period.

Approval pursuant to ASX Listing Rule 7.1 is not required (under Exception 14 to ASX Listing Rule 7.1) in order to issue the Director Options to Messrs McMahon, Jones and Hunter and/or their nominee(s) as approval is being obtained under ASX Listing Rule 10.11.

Shareholders should note that the issue of securities to Messrs McMahon, Jones and Hunter and/or their nominee(s) will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

10.5 Directors' Recommendation

Mr Nathan McMahon declines to make a recommendation to Shareholders in relation to Resolution 9 due to his material personal interest in the outcome of the Resolution.

The Directors (other than Mr Nathan McMahon) recommend that, for the reasons set out above, Shareholders vote in favour of Resolution 9.

Mr Clive Jones declines to make a recommendation to Shareholders in relation to Resolution 10 due to his material personal interest in the outcome of the Resolution.

The Directors (other than Mr Clive Jones) recommend that, for the reasons set out above, Shareholders vote in favour of Resolution 10.

Mr Kent Hunter declines to make a recommendation to Shareholders in relation to Resolution 11 due to his material personal interest in the outcome of the Resolution.

The Directors (other than Mr Kent Hunter) recommend that, for the reasons set out above, Shareholders vote in favour of Resolution 11.

GLOSSARY

In the Notice of Meeting and the Proxy Form the following terms have the following meanings unless the context otherwise requires:

\$ means Australian dollars.

2013 Financial Report means the Company's financial report for the financial year ended 30 June 2013, which can be downloaded from the Company's website at www.cazalyresources.com.au.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited and the market operated by it, as the context requires.

ASX Listing Rules or **Listing Rules** means the Listing Rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

Board means the current board of Directors.

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.

Chair means the chairperson of the Meeting.

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

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

Company or **Cazaly** means Cazaly Resources Limited (ACN 101 049 334).

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Memorandum means the explanatory memorandum accompanying and forming part of the Notice.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

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

Option means an option to acquire a Share.

Option holder means the holder of an option.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the 2013 Financial Report.

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.

Trading Day means a day determined by ASX to be a trading day and notified to market participants being:

- (a) a day other than:
 - (i) a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day; and
 - (ii) any other day which ASX declares and publishes is not a trading day; and
- (b) notwithstanding (a), a day which for the purposes of settlement, ASX declares is a trading day notwithstanding that dealings between market participants are suspended on that day.

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

Where a word or phrase is given a defined meaning, another part of speech or other grammatical form in respect of that word or phrase has a corresponding meaning.

ANNEXURE A

Terms and Conditions of Cazaly Director Options

The terms and conditions of the Director Options are as follows:

- (a) Each Director Option gives the Director Option holder the right to subscribe for one Share. To obtain the right given by each Director Option, the Director Option holder must exercise the Director Options in accordance with the terms and conditions of the Director Options. The Director Options will have an expiry date on or before 5.00pm WST on the date that is 3 years less one day following the date of issue ('Director Option Expiry Date') at an exercise price equal to 150% of the VWAP for the 5 Trading Days preceding the date of the Meeting. Accordingly the exercise price is not known as at the date of this Notice. The exercise price will be announced when known, but in any case prior to the Meeting.
- (b) Any Director Option not exercised before the relevant Director Option Expiry Date will automatically lapse on that Director Option Expiry Date.
- (c) A Director Option holder may exercise their Director Options by lodging with the Company, before the relevant Director Option Expiry Date:
 - a. written notice of exercise of Director Options specifying the number of Director Options being exercised (**Director Option Exercise Notice**); and
 - b. cheque or electronic funds transfer for the relevant Director Option Exercise Price for the number of Director Options being exercised.
- (d) A Director Option Exercise Notice is only effective when the Company has received the full amount of the relevant Director Option Exercise Price in cleared funds.
- (e) Within 14 Business Days of receipt of the Director Option Exercise Notice accompanied by the relevant Director Option Exercise Price for the number of Director Options being exercised, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Director Options specified in the Director Option Exercise Notice.
- (f) All Shares allotted upon the exercise of Director Options will upon allotment rank pari passu in all respects with other Shares.
- (g) In the event the Company is listed on ASX at the time of exercise of the Director Options the Company will apply for quotation on ASX of all Shares allotted pursuant to the exercise of Director Options within 10 Business Days after the date of allotment of those Shares.
- (h) If at any time the issued capital of the Company is reconstructed, all rights of a Director Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules (if applicable) at the time of the reconstruction.

- (i) There are no participating rights or entitlements inherent in the Director Options and Director Option holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Director Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Director Option holders the opportunity to exercise their Director Options prior to the date for determining entitlements to participate in any such issue.
- (j) In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Director Options, the exercise price of the Director Options will be treated in accordance with the Listing Rules (if applicable).
- (k) In the event the Company proceeds with a bonus issue of securities to Shareholders after the date of issues of the Director Options, the number of securities over which a Director Option is exercisable may be increased by the number of securities which the Director Option holder would have received if the Director Option had been exercised before the record date for the bonus issue.

ANNEXURE B

Estimated Value of Cazaly Director Options To Be Issued

Using the Black & Scholes option model and based on the assumptions set out below, the Options were ascribed the following value:

Assumptions	Nathan McMahon	Clive Jones	Kent Hunter
Number of Director Options	1,500,000	1,500,000	500,000
Valuation date	18 October 2013	18 October 2013	21 October 2013
Market price of Shares	\$0.11	\$0.11	\$0.11
Exercise price	\$0.165	\$0.165	\$0.165
Expiry date (length of time from issue)	3 years	3 years	3 years
Risk free interest rate	2.25%	2.25%	2.25%
Volatility (discount)	100%	100%	100%
Indicative value per Option	\$0.0601	\$0.0601	\$0.0601
Total Value of Related Party Options	\$90,150	\$90,150	\$30,050

Note: The valuation noted above is not necessarily the market price that the Related Party Options could be traded at and is not automatically the market price for taxation purposes.

PROXY FORM

**APPOINTMENT OF PROXY
CAZALY RESOURCES LIMITED
ACN 101 049 334**

ANNUAL GENERAL MEETING

I/We

of

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

Appoint

Name of proxy

OR

☐

the Chair as your proxy

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Annual General Meeting to be held **12:30pm (WST), on 25 November 2013 at The Celtic Club, 48 Ord Street, West Perth WA 6005, and at any adjournment thereof.**

I/We acknowledge that the Chair intends to vote all available proxies in favour of each of Resolutions 1 to 11 (inclusive).

Voting on Business of the Annual General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 – Adoption of Remuneration Report	☐	☐	☐
Resolution 2 – Re-election of Director – Mr Kent Hunter	☐	☐	☐
Resolution 3 – Approval of 10% Placement Facility	☐	☐	☐
Resolution 4 – Ratification and approval of Issue of Shares to Sophisticated Investors	☐	☐	☐
Resolution 5 – Ratification and approval of Issue of Shares to 3D Resources Ltd	☐	☐	☐
Resolution 6 – Ratification and approval of Issue of Shares to Sulphide Resources P/L	☐	☐	☐
Resolution 7 – Approval of Cazaly Employee Incentive Scheme ('Cazaly EIS')	☐	☐	☐
Resolution 8 – Approval of Potential Termination Benefits Under Cazaly EIS	☐	☐	☐
Resolution 9 – Approval of Issue of Director Options to Mr Nathan McMahon	☐	☐	☐
Resolution 10 – Approval of Issue of Director Options to Mr Clive Jones	☐	☐	☐
Resolution 11 – Approval of Issue of Director Options to Mr Kent Hunter	☐	☐	☐

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

Where I/we have appointed the Chair as my/our proxy or the Chair becomes my/our proxy by default, I/we expressly authorise the Chair to exercise my/our proxy in respect of Resolution 1 (except where I/we have indicated a different voting intention above) and acknowledge that the Chair may exercise my/our proxy even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

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

Signature of Member(s):

Date: _____

Individual or Member 1

Sole Director/Company Secretary

Member 2

Director

Member 3

Director/Company Secretary

Contact Name: _____ **Contact Ph (daytime):** _____

CAZALY RESOURCES LIMITED
ACN 101 049 334

Instructions for Completing 'Appointment of Proxy' Form

1. **(Appointing a Proxy):** A Shareholder 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 or number of the Shareholder's voting rights. If a Shareholder appoints two proxies and the appointment does not specify this proportion or number, each proxy may exercise half the votes. Fractions will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to Vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Proxy Voting):** Sections 250BB and 250BC of the Corporations Act broadly provide that:
 - if proxy holders vote, they must cast all directed proxies as directed; and
 - any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

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

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

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

Transfer of non-chair proxy to chair in certain circumstances

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

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the Chair; and

- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

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

4. **(Signing Instructions):**

- **(Individual):** Where the holding is in one name, the Shareholder must sign.
- **(Joint Holding):** Where the holding is in more than one name, all of the Shareholder should sign.
- **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
- **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.

5. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a Shareholder 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 Shareholder is present at the Annual General Meeting.

6. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- (a) deliver the Proxy Form by hand to the Company's registered office at Level 2, 38 Richardson Street, West Perth, Western Australia 6005;
- (b) post to Cazaly Resources Limited, PO Box 396, West Perth, WA 6872; or
- (d) facsimile to the Company on facsimile number +61 8 9322 6398.

so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy forms received later than this time will be invalid.