



WESTONIA MINES LIMITED

ABN 74 084 669 036

**NOTICE OF GENERAL MEETING**

**PROXY FORM**

**AND**

**EXPLANATORY MEMORANDUM**

**Date of Meeting**

22 November 2005

**Time of Meeting**

11:00 am

**Place of Meeting**

The Celtic Club  
48 Ord Street  
WEST PERTH WA

**WESTONIA MINES LIMITED**  
**ABN 74 084 669 036**

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 2005 Annual General Meeting of shareholders of Westonia Mines Limited ("**Company**") will be held at the Celtic Club, 48 Ord Street, West Perth WA on 22 November 2005 at 11:00 am for the purpose of transacting the following Business.

**ORDINARY BUSINESS**

**Retirement of Chairman**

The Chairman of the Company, Mr Pieter Greeff retires in accordance with the Company's Constitution. Mr Greeff does not offer himself for re-election.

**2005 Financial Statements**

To receive the financial statements of the Company for the year ended 30 June 2005, consisting of the Annual Financial Report, the Directors' Report and Auditor's Report.

**Resolution 1 –Remuneration Report**

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

*"That the Remuneration Report for the year ended 30 June 2005 is adopted."*

*The vote on this resolution is advisory only and does not bind the directors of the company.*

*The board is voluntarily submitting its Remuneration Report to shareholders for consideration and adoption by way of a non-binding resolution.*

*The Remuneration Report is set out within the Directors Report. A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.*

*The board unanimously recommends that shareholders vote in favour of adopting the Remuneration Report.*

**Resolution 2 – Election of David Hatch as a Director**

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

*"That David Hatch having been appointed as a director of the Company since the previous meeting be elected a director of the Company."*

*Notes:*

*Pursuant to the Company's Constitution, a director appointed by the board must stand for election at the first Annual General Meeting of the company since the date of appointment.*

**Resolution 3 – Election of Gregory Mark Fitzpatrick as a Director**

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

*"That Mark Fitzpatrick having been appointed as a director of the Company since the previous meeting be elected a director of the Company."*

*Notes:*

*Pursuant to the Company's Constitution, a director appointed by the board must stand for election at the first Annual General Meeting of the company since the date of appointment.*

#### Resolution 4 – Issue of Options to David Hatch

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

*"In accordance with Listing Rule 10.11 and Chapter 2E of the Corporations Act (C'wealth) 2001 that the Company approves and the Directors are hereby authorised to grant and issue 2,000,000 options to David Hatch or his nominee for nil consideration, each option being exercisable at \$0.20 each on the terms and conditions set out in Annexure A to the Explanatory Memorandum accompanying this Notice of Meeting."*

Notes:

For the purpose of Resolution 4:

1. the options issued under Resolution 4 will be issued to the David Hatch or his nominee;
2. David Hatch or his nominee will be issued 2,000,000 options for no issue price;
3. the options will be granted within five days of the date of this meeting;
4. the full terms and conditions of the options are set out in Annexure A to the Explanatory Memorandum accompanying this Notice of Meeting;
5. Shares issued as a result of the exercise of the options will rank *pari passu* with ordinary shares in the Company; no funds will be raised as a result of the grant of the options; and
6. the Company will, in accordance with section 224 of the Corporations Act 2001 (Cth), disregard any votes cast on Resolution 4 by David Hatch and any associates of David Hatch. 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 a 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.

#### Resolution 5 – Issue of Performance Options to David Hatch

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

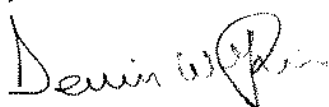
*"In accordance with Listing Rule 10.11 and Chapter 2E of the Corporations Act (C'wealth) 2001 that the Company approves and the Directors are hereby authorised to grant and issue 600,000 options to David Hatch or his nominee for nil consideration, each option being exercisable at \$0.11 each on the terms and conditions set out in Annexure A to the Explanatory Memorandum accompanying this Notice of Meeting."*

Notes:

For the purpose of Resolution 5 :

1. the options issued under Resolution 5 will be issued to the David Hatch or his nominee;
2. David Hatch or his nominee will be issued 600,000 options for no issue price;
3. the options will be granted within five days of the date of this meeting;
4. the full terms and conditions of the options are set out in Annexure A to the Explanatory Memorandum accompanying this Notice of Meeting;
5. Shares issued as a result of the exercise of the options will rank *pari passu* with ordinary shares in the Company; no funds will be raised as a result of the grant of the options; and
6. the Company will, in accordance with section 224 of the Corporations Act 2001 (Cth), disregard any votes cast on Resolution 5 by David Hatch and any associates of David Hatch. 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 a 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.

By order of the Board



Dennis Wilkins  
Company Secretary

Date: 18 October 2005

## EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide shareholders in Westonia Mines Limited ABN 74 084 669 036 ("**Company**") with sufficient information to assess the merits of Resolution 4 to 5 (inclusive) contained in the Notice of Annual General Meeting of the Company.

The Directors recommend that shareholders read this Explanatory Memorandum in full before making any decision in relation to Resolutions 4 to 5 (inclusive)

The following information should be noted in respect of the various matters contained in the Notice of Annual General Meeting:

### **RESOLUTION 4 - ISSUE OF OPTIONS TO DAVID HATCH**

Shareholders' approval is sought to grant of 2,000,000 options to David Hatch or his nominee, for nil consideration. The terms and conditions of the options to be issued to Mr Hatch or his nominee are set out in Annexure A to this Notice of General Meeting.

#### ***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, Mr Hatch is considered to be a related party of the Company as a Director.

Resolution 5 provides for the grant of options to a related party which is a financial benefit which requires shareholder approval. For the purpose of Chapter 2E of the Corporations Act the following information is provided.

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

The options will be issued to David Hatch or his nominee within 5 days of the passing of this resolution.

#### ***The nature of the financial benefit***

The proposed financial benefit is the grant to David Hatch or his nominee, for no issue price, of 2,000,000 options to subscribe for ordinary fully paid shares in the Company. The exercise price of each option is 20 cents. The options form part of Mr Hatch's signing on incentives as well as reward for his past efforts in acting as a director of the Company.

#### ***Directors' recommendation***

The Directors wish to make a recommendation about the proposed Resolution 4:

| Director                                                            | Recommendation                                                                                                                                                                                                                                                                                                                                                     |
|---------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Pieter Greeff<br>Chris Melloy<br>Mark Fitzpatrick<br>Murray Pollock | The Directors recommend shareholders vote in favour of Resolution 4 for the following reason:<br><br>the options are considered by the directors to provide an adequate and deserving incentive and reward for Mr Hatch's tireless efforts to advance the Company's interests in accordance with the directions given from time to time by the board of directors. |
| David Hatch                                                         | Abstained from consideration and voting in respect of this recommendation.                                                                                                                                                                                                                                                                                         |

**All of the Directors (other than Mr Hatch) were available to consider the proposed resolution.**

## EXPLANATORY MEMORANDUM

### *Interests of directors*

**None of the directors who voted in respect of the above recommendation have an interest in the outcome of this resolution.**

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

- (a) The proposed resolution would have the effect of giving power to the Directors to grant 2,000,000 free options over unissued shares in the Company to David Hatch or his nominee.
- (b) The exercise of the options is subject to the terms and conditions outlined in Annexure A.
- (c) The Directors, in conjunction with the Company's advisers have attempted to value the options by reference to the Black-Scholes valuation method, based upon the following assumptions:

| Call Option Valuation                     | Input   |
|-------------------------------------------|---------|
| Share price                               | \$0.092 |
| Exercise Price                            | \$0.20  |
| Risk Free Rate (Australian 5 year T-Bond) | 5.50%   |
| Volatility (Annualised)                   | 50%     |
| Time (years) to expiry                    | 5       |

- (d) It is considered the total value of the options to be issued with an exercise price of 20 cents is \$52,400. If options granted to David Hatch are exercised, the effect would be to dilute the shareholdings of the existing shareholders.
- (e) As at 12 October 2005, the issued capital of the Company comprised 220,998,086 ordinary fully paid shares. On a fully diluted basis the issue of options represents approximately 0.9% of the Company's issued capital.
- (f) Mr Hatch currently holds Nil Shares and Nil Options in the Company.
- (g) The market price of the Company's shares during the term of the options will normally determine whether or not the option holder exercises the option. At the time any options are exercised and shares issued pursuant to the exercise of the options, the Company's ordinary shares may be trading on the ASX at a price which is higher than the exercise price of the options.
- (h) The options will not be quoted on ASX and as such have no actual market value. The fully paid ordinary shares of the Company have been traded on ASX since 20 August 2002. Over the last 12 months the shares have traded in the range of 6.19 cents to 22.86 cents the most recent closing price prior to printing of this notice was 9.20 cents. The options are capable of being converted to shares by payment of the exercise price.
- (i) Under the Company's current circumstances, the Directors consider that the incentive to Mr Hatch which would be represented by the options would be a cost-effective and efficient reward for the Company as opposed to alternative forms of incentives.
- (j) Mr Hatch is the Company's Managing Director and currently receives remuneration of \$220,000 per annum plus statutory superannuation (9%) and a vehicle entitlement for fulfilling this role.
- (k) The Directors do not consider that from an economic and commercial point of view, there are any costs or detriments, including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in issuing the options to Mr Hatch pursuant to Resolution 4.
- (l) 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 Resolution 4.

## EXPLANATORY MEMORANDUM

### RESOLUTION 5 - ISSUE OF PERFORMANCE OPTIONS TO DAVID HATCH

Shareholders' approval is sought to grant of 600,000 options to David Hatch or his nominee, for nil consideration. The terms and conditions of the options to be issued to Mr Hatch or his nominee are set out in Annexure B to this Notice of General Meeting.

#### ***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, Mr Hatch is considered to be a related party of the Company as a Director.

Resolution 5 provides for the grant of options to a related party which is a financial benefit which requires shareholder approval. For the purpose of Chapter 2E of the Corporations Act the following information is provided.

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

The options will be issued to David Hatch or his nominee within 5 days of the passing of this resolution.

#### ***The nature of the financial benefit***

The proposed financial benefit is the grant to David Hatch or his nominee, for no issue price, of 600,000 options to subscribe for ordinary fully paid shares in the Company. The exercise price of each option is 11 cents. The options form part of Mr Hatch's performance incentives as well as reward for his past efforts in acting as a director of the Company. One third of the options (200,000) will be exercisable immediately. A further one third of the options will be exercisable 12 months from the date of grant. The final one third of the options will be exercisable 24 months from the date of grant. The options will expire three years from the date of grant (ie, they will expire in three consecutive annual tranches beginning on 22 November 2008).

#### ***Directors' recommendation***

The Directors wish to make a recommendation about the proposed Resolution 5:

| Director                                                            | Recommendation                                                                                                                                                                                                                                                                                                                                                     |
|---------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Pieter Greeff<br>Chris Melloy<br>Mark Fitzpatrick<br>Murray Pollock | The Directors recommend shareholders vote in favour of Resolution 5 for the following reason:<br><br>the options are considered by the directors to provide an adequate and deserving incentive and reward for Mr Hatch's tireless efforts to advance the Company's interests in accordance with the directions given from time to time by the board of directors. |
| David Hatch                                                         | Abstained from consideration and voting in respect of this recommendation.                                                                                                                                                                                                                                                                                         |

**All of the Directors (other than Mr Hatch) were available to consider the proposed resolution.**

## EXPLANATORY MEMORANDUM

### *Interests of directors*

**None of the directors who voted in respect of the above recommendation have an interest in the outcome of this resolution.**

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

- (a) The proposed resolution would have the effect of giving power to the Directors to grant 600,000 free options over unissued shares in the Company to David Hatch or his nominee.
- (b) The exercise of the options is subject to the terms and conditions outlined in Annexure B.
- (c) The Directors, in conjunction with the Company's advisers have attempted to value the options by reference to the Black-Scholes valuation method, based upon the following assumptions:

| Call Option Valuation                     | Input    |
|-------------------------------------------|----------|
| Share price                               | \$0.0.92 |
| Exercise Price                            | \$0.11   |
| Risk Free Rate (Australian 5 year T-Bond) | 5.50%    |
| Volatility (Annualised)                   | 50%      |
| Time (years) to expiry                    | 3        |

- (d) It is considered the total value of the options to be issued with an exercise price of 11 cents is \$18,240. If options granted to David Hatch are exercised, the effect would be to dilute the shareholdings of the existing shareholders.
- (e) As at 12 October 2005, the issued capital of the Company comprised 220,998,086 ordinary fully paid shares. On a fully diluted basis the issue of options represents approximately 0.27% of the Company's issued capital.
- (f) Mr Hatch currently holds Nil Shares and Nil Options in the Company.
- (g) The market price of the Company's shares during the term of the options will normally determine whether or not the option holder exercises the option. At the time any options are exercised and shares issued pursuant to the exercise of the options, the Company's ordinary shares may be trading on the ASX at a price which is higher than the exercise price of the options.
- (h) The options will not be quoted on ASX and as such have no actual market value. The fully paid ordinary shares of the Company have been traded on ASX since 20 August 2002. Over the last 12 months the shares have traded in the range of 6.19 cents to 22.86 cents the most recent closing price prior to printing of this notice was 9.20 cents. The options are capable of being converted to shares by payment of the exercise price.
- (i) Under the Company's current circumstances, the Directors consider that the incentive to Mr Hatch which would be represented by the options would be a cost-effective and efficient reward for the Company as opposed to alternative forms of incentives.
- (j) Mr Hatch is the Company's Managing Director and currently receives remuneration of \$220,000 per annum plus statutory superannuation (9%) and a vehicle entitlement for fulfilling this role.
- (k) The Directors do not consider that from an economic and commercial point of view, there are any costs or detriments, including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in issuing the options to Mr Hatch pursuant to Resolution 5.
- (l) 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 Resolution 5.

## APPENDIX A

### DAVID HATCH EMPLOYMENT OPTIONS

#### Terms and Conditions applicable to the Options referred to in Resolution 4.

Each Option shall entitle the holder to apply for and be allotted one ordinary fully paid share in Westonia Mines Limited at an exercise price of 20 cents per share on the following terms and conditions:

- (a) the Options expire at 5.00 pm Western Australian Standard Time on 22 November 2010 ("**expiry date**");
- (b) each Option entitles the holder to apply for one Share at an exercise price of 20 cents ("**exercise price**") payable by cash in full on application;
- (c) Shares issued on exercise of the Option will rank equally in all respects with the then existing issued fully paid ordinary shares in the capital of the Company from the date of issue and will be subject to the Constitution of the Company;
- (d) the Option may be exercised in whole or in part;
- (e) the Options may be transferred at any time in accordance with the Corporations Law, the SCH Business Rules and/or the Listing Rules;
- (f) any notice of exercise of any of the Options received by the Company prior to the expiry date will be deemed to be a notice of exercise received at the last business day of the month in which the notice is received;
- (g) there are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be offered to shareholders of the Company from time to time prior to the expiry date. The Options do not participate in any bonus issue of securities unless and until the Options are exercised. The Company will notify holders of any proposed issue at least 10 business days before the record date in order to give holders sufficient opportunity to exercise their Options if they wish; and
- (h) in the event of any reconstruction of the issued capital of the company, the options will be re-organised in accordance with the listing rules.

## APPENDIX B

### DAVID HATCH PERFORMANCE OPTIONS

#### Terms and Conditions applicable to the Options referred to in Resolution 5.

Each Option shall entitle the holder to apply for and be allotted one ordinary fully paid share in Westonia Mines Limited at an exercise price of 11 cents per share on the following terms and conditions:

- (a) the Options will vest in three tranches and have various expiry dates at 5.00 pm Western Australian Standard Time

| Number Of Options | Vesting Date     | Expiry Date      |
|-------------------|------------------|------------------|
| 200,000           | 22 November 2005 | 22 November 2008 |
| 200,000           | 22 November 2006 | 22 November 2009 |
| 200,000           | 22 November 2007 | 22 November 2010 |

- (b) each Option entitles the holder to apply for one Share at an exercise price of 11 cents ("**exercise price**") payable by cash in full on application;
- (c) Shares issued on exercise of the Option will rank equally in all respects with the then existing issued fully paid ordinary shares in the capital of the Company from the date of issue and will be subject to the Constitution of the Company;
- (d) the Option may be exercised in whole or in part;
- (e) the Options may be transferred at any time in accordance with the Corporations Law, the SCH Business Rules and/or the Listing Rules;
- (f) any notice of exercise of any of the Options received by the Company prior to the expiry date will be deemed to be a notice of exercise received at the last business day of the month in which the notice is received;
- (g) there are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be offered to shareholders of the Company from time to time prior to the expiry date. The Options do not participate in any bonus issue of securities unless and until the Options are exercised. The Company will notify holders of any proposed issue at least 10 business days before the record date in order to give holders sufficient opportunity to exercise their Options if they wish; and
- (h) in the event of any reconstruction of the issued capital of the company, the options will be re-organised in accordance with the listing rules.

**WESTONIA MINES LIMITED**  
**ABN 74 084 669 036**  
**PROXY FORM**

The Company Secretary  
Westonia Mines Limited  
PO Box 1300  
WEST PERTH WA 6872

Facsimile: +(08) 9321 8804

First Floor  
9 Havelock Street  
WEST PERTH WA 6005

I/We (name of shareholder) .....  
of (address) .....  
being a member/members of Westonia Mines Limited HEREBY APPOINT  
(name) .....  
of (address) .....  
and/or failing him (name) .....  
of (address) .....  
or failing that person then the Chairperson of the meeting as my/our proxy to vote for me/us and on my/our behalf at the  
General Meeting of the Company to be held on 22 November 2005 and at any adjournment of the meeting.

**PROXY INSTRUCTIONS**

If you wish to instruct your proxy how to vote, insert "X" in the appropriate column against the item of business set out below. If you do not wish to direct your proxy how to vote please place a mark in the box.



By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and, votes cast by him other than as proxy holder, will be disregarded because of that interest.

*Should you so desire to direct the Proxy how to vote, you should place a cross in the appropriate box(es) below:*

I/We direct my/our Proxy to vote in the following manner:

|                                                         | For | Against | Abstain |
|---------------------------------------------------------|-----|---------|---------|
| Resolution 1 - Adoption of a Remuneration Report        |     |         |         |
| Resolution 2 - Election of Mr Hatch                     |     |         |         |
| Resolution 3 - Election of Mr Fitzpatrick               |     |         |         |
| Resolution 4 - Issue of Employment Options to Mr Hatch  |     |         |         |
| Resolution 5 - Issue of Performance Options to Mr Hatch |     |         |         |

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

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

Dated \_\_\_\_\_

If the shareholder is an individual:

Signature: \_\_\_\_\_

If the shareholder is a company:

Affix common seal (if required by Constitution)

\_\_\_\_\_  
Director/Sole Director and Secretary

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

\_\_\_\_\_  
Print name

\_\_\_\_\_  
Print name

## INSTRUCTIONS FOR APPOINTMENT OF PROXY

1. A shareholder entitled to attend and vote is entitled to appoint no more than two proxies to attend and vote at this General Meeting as the shareholder's proxy. A proxy need not be a shareholder of the Company.
2. Where more than one proxy is appointed, each proxy must be appointed to represent a specific proportion of the shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the shareholder's voting rights. Fractions shall be disregarded.
3. The proxy form must be signed personally by the shareholder or his attorney, duly authorised in writing. If a proxy is given by a corporation, the proxy must be executed in accordance with its constitution or its duly authorised attorney. In the case of joint shareholders, this proxy must be signed by each of the joint shareholders, personally or by a duly authorised attorney.
4. If a proxy is executed by an attorney of a shareholder, then the original of the relevant power of attorney or a certified copy of the relevant power of attorney, if it has not already been noted by the Company, must accompany the proxy form.
5. To be effective, forms to appoint proxies must be received by the Company no later than 48 hours before the time appointed for the holding of this General Meeting **that is by 11:00 am WST on 20 November 2005** by post or facsimile to the respective addresses stipulated in this proxy form.
6. If the proxy form specifies a way in which the proxy is to vote on any of the resolutions stated above, then the following applies:
  - (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way; and
  - (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
  - (c) if the proxy is the Chairperson, the proxy must vote on a poll and must vote that way, and
  - (d) if the proxy is not the Chairperson, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.

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