

MIDAS RESOURCES LTD
ACN 095 092 158

NOTICE OF ANNUAL GENERAL MEETING
AND
EXPLANATORY MEMORANDUM

IMPORTANT INFORMATION

*This is an important document that should be read in its entirety.
If you do not understand it you should consult your professional advisers without delay.*

*If you wish to discuss any aspect of this document with the Company please contact
Mr Mark Pitts on telephone (+61 8) 9316 9100.*

MIDAS RESOURCES LIMITED
ACN 095 092 158

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Shareholders of Midas Resources Limited will be held at 52 Ord Street, West Perth, Western Australia at 9am (WST) on 19 November 2013 to conduct the following business and to consider, and if thought fit, to pass the following Resolutions.

AGENDA

ORDINARY BUSINESS

FINANCIAL & OTHER REPORTS

To receive and consider the financial report for the year ended 30 June 2013 and the accompanying Directors' Report, Directors' Declaration, and Auditor's Report.

RESOLUTION 1 – ADOPTION OF THE REMUNERATION REPORT

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

“That the Remuneration Report that forms part of the Directors' Report for the financial period ended 30 June 2013, be adopted.”

The Remuneration Report is set out in the Directors' Report in the Annual Report. Please note that the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion: In accordance with sections 250R and 250BD of the Corporations Act 2001, the Company will disregard any votes cast on this Resolution by any Key Management Personnel (“**KMP**”) and a closely related party of a KMP. However, the Company need not disregard a vote if it is cast by a KMP or a closely related party of a KMP as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a chairperson of the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides, or it is cast by a chairperson of the Meeting as proxy for a person who is entitled to vote, the proxy is undirected and the proxy form expressly authorises the chairperson to vote the proxy on this Resolution.

KMPs and their closely related parties will commit an offence under the Corporations Act if they vote in relation to this Resolution in breach of the voting restrictions.

RESOLUTION 2 – RE-ELECTION OF MR PATRICK CORR AS A DIRECTOR

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

“That Mr Patrick John Corr, having retired in accordance with the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company with immediate effect.”

RESOLUTION 3 – RE-ELECTION OF MR ALEXANDER HEWLETT AS A DIRECTOR

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

“That Mr Alexander Hewlett, having retired in accordance with the Company’s Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company with immediate effect.”

RESOLUTION 4 – RE-ELECTION OF MR NADER EL SAYED AS A DIRECTOR

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

“That Mr Nader El Sayed, having retired in accordance with the Company’s Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company with immediate effect.”

SPECIAL BUSINESS

RESOLUTION 5 – APPROVAL OF SIGNIFICANT CHANGE OF ACTIVITIES

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

“That, subject to the passage of all other Transaction Resolutions or Alternative Transaction Resolutions, for the purpose of Listing Rule 11.1.2 and for all other purposes, approval is given to the Company to make a significant change to its activities, including approval for the Company to acquire 100% of the issued capital of Hammer Metals Limited and Mt Dockerell Mining Pty Ltd on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if this 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 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 6 – ISSUE OF SECURITIES TO UNRELATED HAMMER SHAREHOLDERS IN CONSIDERATION OF THE ACQUISITION OF HAMMER METALS LIMITED

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

“That, subject to the passage of all other Transaction Resolutions or Alternative Transaction Resolutions, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Directors to issue and allot up to 1,746,102,783 Shares and 870,000,000 Options to the unrelated Hammer Securityholders in consideration of the acquisition of all of the Hammer Securities held by unrelated Hammer Securityholders in accordance with the terms and conditions in the Explanatory Memorandum accompanying this Notice.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. A vote cast by a Shareholder who is also a Hammer Shareholder will be disregarded. 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.

RESOLUTION 7 – ISSUE OF SECURITIES TO A RELATED PARTY IN CONSIDERATION OF THE ACQUISITION OF HAMMER METALS LIMITED

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

“That, subject to the passage of all other Transaction Resolutions or Alternative Transaction Resolutions, for the purpose of Listing Rules 10.11, and Section 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue:

- (a) 415,714,217 Shares; and
- (b) 210,000,000 Options,

to Elefantino Pty Ltd (an entity controlled by Mr Alexander Hewlett, a director of the Company), in consideration of the acquisition of all of the in Hammer Securities held by Elefantino Pty Ltd on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a party to the transaction, a person who is to receive securities in relation to the Company, Elefantino Pty Ltd, Mr Alexander Hewlett, and any associate of these 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 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 8 – AMENDMENT TO CONSTITUTION RELATING TO PREFERENCE SHARES

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

“That for the purposes of section 136 of the Corporations Act and for all other purposes, the constitution of the Company be amended as set out in the Explanatory Memorandum accompanying this Notice.”

RESOLUTION 9 – APPROVAL OF PREFERENCE SHARES

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

“That, subject to the passing of the Transaction Resolutions, for the purposes of Section 246B(1) and 246C(5) of the Corporations Act and Rule 2.2 of the Company’s Constitution of the Company and for all other purposes, the Company be authorised to issue the Preference Shares, the terms of which are set out in the Explanatory Memorandum.”

RESOLUTION 10 - ISSUE OF SECURITIES TO SANTANA MINERALS LIMITED IN CONSIDERATION OF THE ACQUISITION OF MT DOCKERELL MINING PTY LTD

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

“That, subject to the passage of all other Transaction Resolutions, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Directors to:

(a) issue and allot up to 1,240,000,000 Shares; and

(b) issue and allot up to 800,000,000 Preference Shares;

to Santana Minerals Limited (or its nominee/s) in consideration of the acquisition of 100% of the issued capital of Mt Dockerell Mining Pty Ltd in accordance with the terms and conditions in the Explanatory Memorandum accompanying this Notice.”

Note: This Resolution will only be put to the Meeting if Resolutions 8 and 9 are passed as special resolutions.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, 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 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 11 – ALTERNATIVE ISSUE OF SECURITIES TO SANTANA MINERALS LIMITED IN CONSIDERATION OF THE ACQUISITION OF MT DOCKERELL MINING PTY LTD

If Resolutions 8 and 9 are both not passed as special resolutions, to consider, and if thought fit, pass the following resolution as an **ordinary** resolution:

“That, subject to the passage of all other Alternative Transaction Resolutions, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Directors to:

(a) issue and allot up to 1,240,000,000 Shares; and

(b) issue Convertible Notes with an aggregate face value of \$800,000, and issue the maximum number of Shares that may be required to be issued on conversion of the Convertible Notes;

to Santana Minerals Limited (or its nominee) in consideration of the acquisition of 100% of the issued capital of Mt Dockerell Mining Pty Ltd in accordance with the terms and conditions in the Explanatory Memorandum accompanying this Notice.”

Note: This Resolution will only be put to the Meeting if Resolutions 8 and 9 are not passed as special resolutions or Resolutions 8 and 9 are passed but Resolution 10 is not passed.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, 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 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 12 – ISSUE OF OPTIONS TO CPS CAPITAL GROUP PTY LTD

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

“That, subject to the passage of all Transaction Resolutions or Alternative Transaction Resolutions, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Directors to issue and allot 150,000,000 Options to CPS Capital Group Pty Ltd (or its nominee/s) on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, 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 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 13 – ISSUE OF OPTIONS TO A DIRECTOR - MR PATRICK JOHN CORR

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

“That, for the purpose of Listing Rule 10.11, and Section 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue 100,000,000 Director Options to Mr Patrick John Corr (or his nominee) on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company 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 the direction on the proxy form to vote as the proxy decides.

RESOLUTION 14 – ISSUE OF OPTIONS TO A DIRECTOR - MR NADER EL SAYED

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

“That, for the purpose of Listing Rule 10.11, and Section 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue 100,000,000 Director Options to Mr Nader El Sayed (or his nominee) on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company 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 the direction on the proxy form to vote as the proxy decides.

RESOLUTION 15 - APPROVAL OF 10% PLACEMENT FACILITY

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

"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed by Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person (and any associates of such person) who may participate in the 10% Placement Facility and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed. 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.

DATED THIS 16th DAY OF OCTOBER 2013

BY ORDER OF THE BOARD



**MARK PITTS
COMPANY SECRETARY**

Notes:

Definitions

Terms which are used in this Notice and which are defined in Section 15 of the Explanatory Memorandum have the meanings ascribed to them therein.

Note

If you have recently changed your address or if there is any error in the name and address used for this notice please notify the Company Secretary. In the case of a corporation, notification is to be signed by a director or company secretary.

Proxies

A Shareholder who is entitled to vote at this Meeting has a right to appoint a proxy and should use the proxy form enclosed with this notice. The proxy need not be a Shareholder of the Company and can be an individual or a body corporate.

A body corporate appointed as a Shareholder's proxy may appoint a representative to exercise any of the powers the body may exercise as a proxy at the Meeting. The representative should bring to the Meeting evidence of this appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

A Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, section 249X of the Corporations Act will take effect so that each proxy may exercise half of the votes (ignoring fractions).

A proxy's authority to speak and vote for a Shareholder at the meeting is suspended if the Shareholder is present at the meeting.

The proxy form must be signed and dated by the Shareholder or the Shareholder's attorney. Joint Shareholders must each sign.

Proxy forms and the original or a certified copy of the power of attorney (if the proxy form is signed by an attorney) must be received:

- at Suite 8, 7 The Esplanade, Mount Pleasant, Western Australia, 6153; or
- on facsimile number (+61 8) 9 315 5475,

not later than 9am (WST) on 17 November 2013.

Pursuant to regulation 7.11.37 of the Corporations Regulations, the Board has determined that the shareholding of each Shareholder for the purposes of ascertaining the voting entitlements for the Meeting will be as it appears in the share register at 10 am (WST) on 18 November 2013.

Bodies Corporate

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at meetings of a company's shareholders. The appointment may be a standing one.

Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution.

The representative should bring to the Meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

MIDAS RESOURCES LIMITED
ACN 095 092 158

EXPLANATORY MEMORANDUM

This Explanatory Memorandum forms part of a Notice convening the Annual General Meeting of Shareholders of Midas Resources Limited to be held at 52 Ord Street, West Perth, Western Australia at 9 am (WST) on 19 November 2013. This Explanatory Memorandum is to assist Shareholders in understanding the background to and the legal and other implications of the Notice and the reasons for the Resolutions proposed. Certain terms used in the Notice and Explanatory Memorandum are defined in Section 15.

1. FINANCIAL AND OTHER REPORTS

As required by section 317 of the Corporations Act, the financial report for the year ended 30 June 2013 and the accompanying Directors' Report, Directors' Declaration and Auditor's Report will be laid before the Meeting.

Neither the Corporations Act nor the Company's Constitution requires a vote on the reports. However, Shareholders will have an opportunity to ask questions about the report at the Annual General Meeting. Shareholders will also be given a reasonable opportunity to ask the Auditor questions about the auditor's report and audit conduct. Written questions may be submitted 5 business days prior to the Meeting addressed to the Chairman and sent to the Company's registered office, about the management of the Company, or addressed to the Company's auditor and sent to the Company's registered office about audit conduct, accounting policies used by the Company and auditor independence. General questions about the management of the Company will also be taken.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

As required by the Corporations Act, the Board is presenting the Remuneration Report to Shareholders for consideration and adoption by a non-binding vote. The Remuneration Report contains:

- information about Board Policy for determining the nature and amount of remuneration of the Company's Directors and senior executives;
- a description of the relationship between remuneration policy and the Company's performance;
- a summary of performance conditions, including a summary of why they were chosen and how performance is measured against them; and
- remuneration details for each executive and non-executive Directors, and Key Management Personnel.

The Remuneration Report, which is part of the 2013 Annual Report, has been sent to Shareholders (except those who have made an election not to receive the Annual Report). Copies of the 2013 Annual Report are available by contacting the Company's Share Registry or visiting the Company's web site (www.midasresources.com.au).

The Meeting presents an opportunity to discuss the Remuneration Report for Shareholders who are interested in doing so. The vote on this Resolution is advisory only and does not bind the Directors or the Company.

Shareholders are informed that under recent reforms to the Corporations Act, if 25% or more of the vote on this Resolution are against adopting the Remuneration Report, the Company will be required to consider and report to Shareholders in the next Remuneration Report on what action is proposed to be (if any) or has been taken in response to Shareholder concerns, and if no action is proposed to be taken, the Board's reasons for this.

Shareholders also need to be aware that as a result of the legislation which became effective on 1 July 2011 a “two strikes” process will apply to the results of voting in relation to this Resolution. This means that if the resolution proposing adoption of the Remuneration Report receives a “no” vote of over 25% of votes cast by those attending in person or by proxy and permitted to vote, at two successive annual general meetings, then at the Company’s 2014 annual general meeting, an extra resolution must be put to the meeting proposing that another general meeting should be held within 90 days of the second annual general meeting. A simple majority of over 50% of the votes cast at the 2014 annual general meeting is required to pass this extra resolution. If the resolution is passed, within 90 days another general meeting must be held at which all the Directors, except the Managing Director and any new Directors appointed since the date of the 2014 annual general meeting, will be required to resign and offer themselves for re-election. These provisions are colloquially referred to as the “two strikes rule” and the “spill resolution” to be put to the “spill meeting”.

If at the spill meeting, the resolutions are all passed against re-electing the relevant Directors, the legislation includes a mechanism to ensure the Board continues with the statutory required minimum of 3 Directors. After the Managing Director, the remaining two positions will be filled by the Directors whose re-election resolutions at the spill meeting received the highest percentage of votes in favour of re-election. If the number of votes is the same for two Directors, the Managing Director and any other Director whose re-election has been confirmed at this spill meeting, can choose who is to become the third Director, with such appointment to be confirmed by shareholders at the 2015 annual general meeting. The ramifications of this mechanism being invoked include that the Company would not be in compliance with its corporate governance policies as a result of not having three independent directors on the Company’s audit committee or any other committees requiring independent directors.

Furthermore, depending on the outcome of voting at the subsequent annual general meeting, Shareholders may be obliged to consider a resolution to requiring the full Board (excluding the Managing Director) to seek re-election.

The Chairman intends to vote all available proxies in favour of adopting the Remuneration Report. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the proxy form, and marking the appropriate acknowledgement on the proxy form, the Shareholder is considered to have provided the Chairman with express authorisation for the Chairman to vote the proxy in accordance with the Chairman’s intentions.

3. RESOLUTION 2 - RE-ELECTION OF MR PATRICK JOHN CORR AS A DIRECTOR

Resolution 2 deals with the re-election of Mr Patrick John Corr who retires in accordance with clause 7.4(g) of the Company’s Constitution and Listing Rule 14.4, and being eligible, has offered himself for re-election.

Patrick specialises in the laws regulating the companies and securities industries in Australia, with a particular focus on minerals and natural resources. Patrick has extensive knowledge of the legal, regulatory and commercial requirements, as well as the practical considerations, involved in mineral and resource project transactions in international jurisdictions, particularly West Africa.

All the Directors except for Mr Corr recommend that Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 - RE-ELECTION OF MR ALEXANDER HEWLETT AS A DIRECTOR

Resolution 3 deals with the re-election of Mr Alexander Hewlett who retires by rotation as required by the Company’s Constitution and the Listing Rules and being eligible, has offered himself for re-election.

Alexander Hewlett is a qualified Geologist graduating from the University of Western Australia. Alex worked as a resource-modelling geologist for CSA Global, before taking on management positions of ASX listed explorers as Managing Director of US Nickel Ltd and Chairperson of Groote Resources Ltd

(now Northern Manganese Limited). Alex also periodically consults in a technical capacity for a New York resource focused hedge fund.

Alex is a member of the Australasian Institute of Mining and Metallurgy.

All the Directors except for Mr Hewlett recommend that Shareholders vote in favour of Resolution 3.

5. RESOLUTION 4 - RE-ELECTION OF MR NADER EL SAYED AS A DIRECTOR

Resolution 4 deals with the re-election of Mr Nader El Sayed who retires by rotation as required by the Company's Constitution and the Listing Rules and being eligible, has offered himself for re-election.

Nader El Sayed holds a Bachelor of Commerce (Banking & Finance), Masters (Accounting) and is member of Australian Institute of Chartered Accountants. Nader is currently the Chief Executive Officer of Multiplant Holdings, a mining and civil services business based in Western Australia. Nader's previous roles include holding a senior management position with KPMG providing assurance, capital markets and other advisory services to key Australian and international resource companies. Nader brings a wealth of risk management, corporate governance, strategic and financial experience to the Board.

All the Directors except for Mr Nader El Sayed recommend that Shareholders vote in favour of Resolution 4.

6. BACKGROUND TO THE TRANSACTION RESOLUTIONS

6.1 Overview of change of activities

The Company is a public company listed on the Official List of ASX (ASX Code : MDS).

The Company operates as a Western Australian mineral exploration company, until recently, focussing solely on its Fortitude, Paterson, Sunset Well, Leonora and Mulga projects ("**Existing Projects**").

As first announced on 10 September 2013, the Company has entered into a sale and purchase agreement ("**Sale and Purchase Agreement**") in relation to the acquisition of 100% of the issued capital of Hammer Metals Limited ("**Hammer**") and Mt Dockerell Mining Pty Ltd ("**MDM**") ("**Acquisitions**").

The Acquisitions constitute a significant change to the Company's activities, and consequently require approval pursuant to Listing Rule 11.1.2.

Accordingly, Resolution 5 seeks approval from Shareholders for a significant change to its activities together with authority to be given to the Company's Board to make the Acquisitions in accordance with the terms of the Sale and Purchase Agreement.

Shareholders should also note that the passing of Resolution 5 is conditional upon all other Transaction Resolutions or Alternative Transaction Resolutions being passed.

6.2 Acquisition of Hammer and MDM

As announced on 10 September 2013, the Company has entered into the Sale and Purchase Agreement (summarised in Section 6.3 below) to acquire 100% of the issued capital of Hammer and MDM.

The principal assets of both Hammer and MDM are the Mt Isa Projects, Mount Morgan Projects and the Kalman Projects ("**Projects**"). Technical Information regarding the Projects is set out in Section 6.4.

6.3 Summary of the Sale and Purchase Agreement

Pursuant to the Sale and Purchase Agreement, the Company has agreed to make the Acquisitions on the following key terms (summarised):

Conditions

Completion of the Acquisitions is conditional upon (amongst other things):

- (a) satisfactory completion of due diligence;
- (b) all necessary regulatory and shareholder approvals being obtained on or before 30 November 2013;
- (c) the Company becoming entitled to acquire 100% of the capital of MDM and Hammer as a result of each Hammer Securityholder accepting the Offers; and
- (d) There being no breach of the warranties given in favour of the Company on or before the Completion Date.

Consideration

The consideration payable with respect to the Acquisitions is as follows:

- (a) the issue of 2,161,817,000 Shares which will be apportioned amongst the accepting Hammer Shareholders in proportion to their Hammer Shareholdings (on a 120 for 1 basis);
- (b) the issue of 1,080,000,000 Options which will be apportioned amongst the accepting Hammer Optionholders in proportion to their Hammer Optionholdings (on a 120 for 1 basis);
- (c) the issue of 1,240,000,000 Shares to Santana; and
- (d) the issue of:
 - (i) 800,000,000 Preference Shares to Santana; or
 - (ii) Convertible Notes with an aggregate face value of \$800,000 to Santana.

Warranties and Covenants

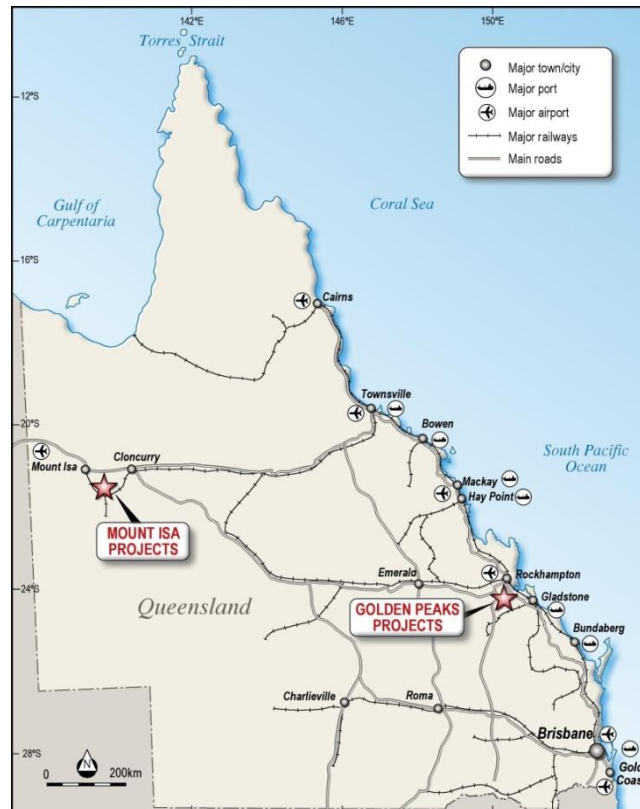
The Sale and Purchase Agreement contains warranties and covenants in respect of Hammer, MDM, the Projects and other matters that are typical for an agreement of this nature.

6.4 Background on MDM, Hammer and the Projects

Hammer is an Australian public company focused on the exploration and development of copper, gold and base metal deposits in Australia, in particular, pursuing opportunities in under-explored sections of Australia's major mineral provinces that host known world-class deposits.

Santana is an Australian public company listed on the ASX (ASX: SMI) and is focused on exploration for gold and silver at its existing projects in Mexico. Santana's Australian projects are held by its wholly owned subsidiary, MDM.

Upon completion of the Acquisitions, Midas will hold highly prospective ground positions in two highly mineralized regions in Queensland – the Mt Isa Mineral Province in NW Queensland and the Mount Morgan region in Central Queensland.



Hammer and MDM Project Locations

Mt Isa Region Projects Overview

MDM holds interests in the Mt Isa Mineral Province, including the **Kalman and Mt Philp** deposits. The MDM portfolio comprises 8 granted EPM's (EPM13870 as to 51%), one EPM application and one MDL application covering approximately 332km².

Hammer also has 8 exploration permit applications within the Mt Isa Mineral Province covering approximately 1300km² that are considered prospective for iron oxide copper gold (IOCG) deposits and shear hosted copper-gold and gold deposits.

The Hammer tenement applications cover targets ranging from conceptual IOCG targets beneath shallow cover to defined copper and gold geochemical anomalies with outcropping copper mineralisation that have had no prior drilling. Sparse drilling in the Charley Creek tenement has returned intersections of up to 2 metres at 1.1% Cu and 2.5g/t Au with broad haloes of disseminated copper mineralisation.

The MDM tenements occur proximal to the Hammer applications and are considered as strongly enhancing the prospectivity of Hammer's Mt Isa region portfolio as a whole.

The closest major centre to the projects is the city of Mt Isa, the administrative, commercial and industrial centre for Queensland's north-western region. The population of the city and surrounding area including Cloncurry is approximately 35,000. The city has a wide range of health, social and business services to support a mining community.

The Kalman and Mt Philp properties are located close to the Barkly Highway which is part of the national highway system that connects the port of Townsville with the Northern Territory.

The main water storages in the region are the Julius Dam and Lake Moondarra, supplying water for urban and mining needs. A water pipeline from Lake Julius to the Cloncurry area, was built to support mining in that region. A dam on the Corella River located 25km north of the Kalman and Mt Philp deposits was built to supply water for the now closed Mary Kathleen uranium mine.

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Kalman

The **Kalman** molybdenum-rhenium-copper-gold deposit, situated 62km southeast of Mt Isa, was discovered in October 2005 by MDM. The deposit is located within EPM 14232 and EPM 13870. EPM 13870 (51% MDM) is subject to joint venture agreement under which a subsidiary of Santana, other than MDM, holds a 49% interest. EPM 13870 also has a 2% Net Smelter Royalty to a third party.

Geology

The Project area is located within the Mary Kathleen Fold Belt of the Mt Isa Inlier and is principally underlain by the Proterozoic Corella Formation, a sequence of mixed siliclastic/carbonate rocks. Intruding the Corella Formation in the centre of the project area is the Overlander Granite.

The dominant structures within the project area are the Pilgrim and Fountain Range Faults. The Pilgrim Fault extends for over 100 kilometres from north to south and occupies a 500-1000m wide zone with a surface expression of multiple east stepping, stacked semi-vertical shears. The Kalman deposit occurs on the western side of the Pilgrim Fault Zone.

The Kalman deposit is hosted by altered calc-silicate rocks of the Corella Formation.

Mineralisation

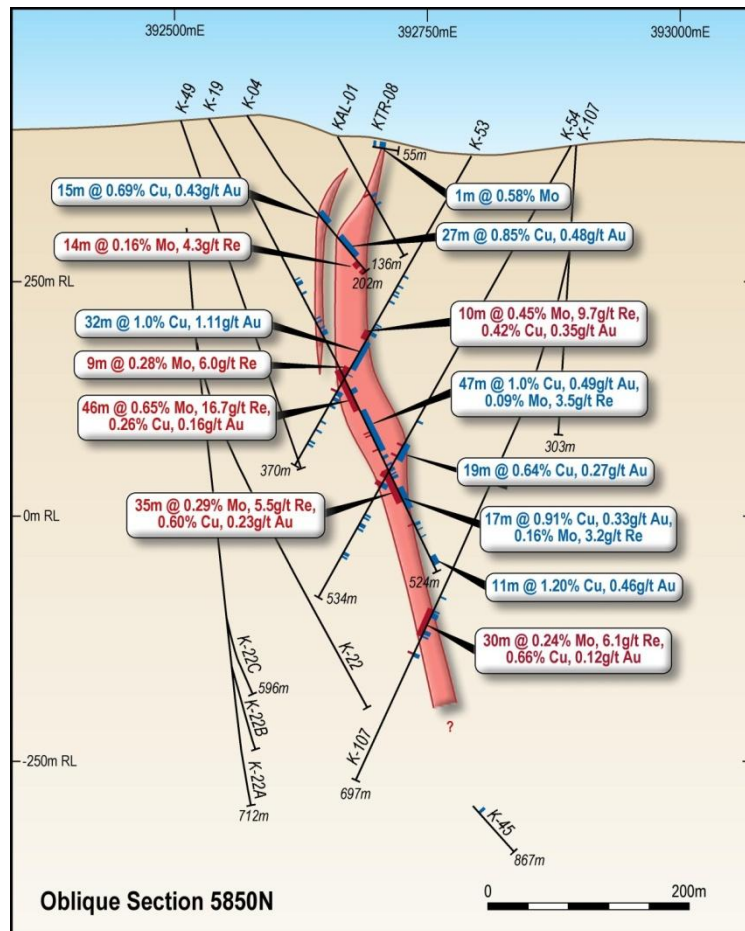
The polymetallic Kalman mineralised system is outlined by the 300ppm Cu grade boundary in fresh rock. Mineralisation has been traced continuously over a strike length of 1000m, a depth of 800m below surface, and typically ranges from 50m to 100m in width. The mineralised zone dips sub-vertical to steeply west however there are some local steep dip reversals to the east.

The Kalman mineralisation comprises chalcopryrite-bornite-chalcocite-molybdenite-uraninite mineralisation accompanied by an alteration assemblage of calcite-chlorite-minor quartz without development of intense or pervasive silicification and quartz veining.

Mineralisation generally occurs as fine grained disseminations and anastomosing discontinuous millimetre-wide veinlets. Pyrite averages <1% in zones of strongest copper, gold and molybdenum mineralisation. Rhenium is also present in significant amounts associated with the molybdenum.

The deposit contains a number of high grade copper and molybdenum intersections including:

- 7.6m at 23.4% Cu, 0.5g/t Au & 20g/t Ag from 581.65m in K106A
- 77m at 1.4% Cu & 1.3g/t Au from 700m in K106A
- 25m at 3.8% Cu & 0.94g/t Au from 712m in K106C
- 51m at 0.58% Mo & 15.1g/t Re from 294m in K19
- 72m at 0.2% Mo, 4.4g/t Re, 0.5% Cu & 0.7g/t Au from 273m in K23
- 33m at 0.32% Mo & 10g/t Re from 212m in K52
- 51m at 0.38% Mo & 8.3g/t Re from 256m in K58

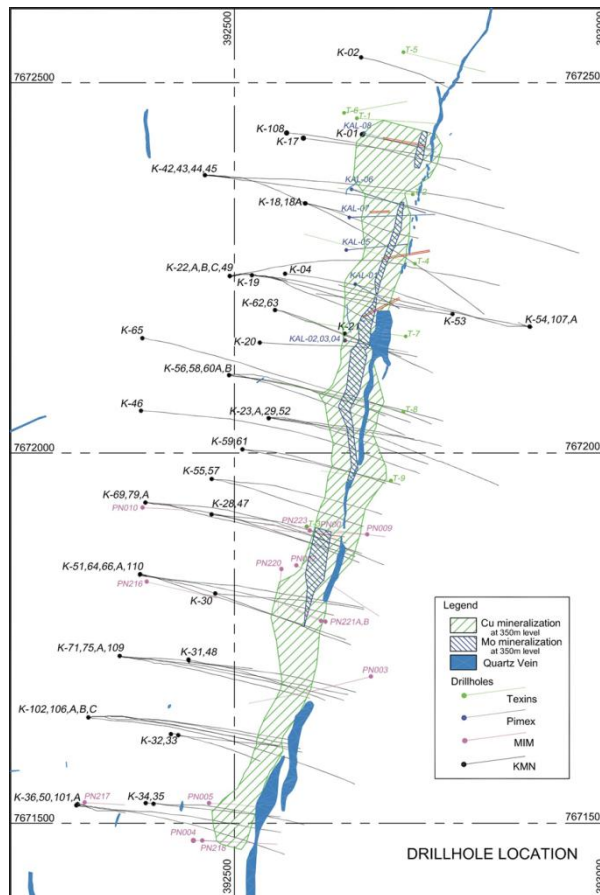


Kalman Cross-section

Kalman Mineral Resource Estimate

Exploration in the area has been completed by several companies with drilling and trenching dating back to the 1970's. Since acquiring the project in 2005, MDM and to a lesser extent Syndicated Metals Limited, have drilled a total of 87 holes into the deposit for 39,085m of drilling.

Drilling extends to a maximum down hole depth of 998m and the mineralisation was modelled from surface to a depth of approximately 800m below surface. The estimate is based on good quality RC and diamond core drilling data. The drill hole spacing is approximately 100m along strike with some 50m infill drilling.



Kalman Drill Hole Locations

An Inferred Mineral Resource of 61 million tonnes grading 0.32% copper and 0.15g/t gold, 0.05% Mo and 1.2g/t Re estimated to contain 30,000 tonnes of molybdenum, 2.3 million ounces of rhenium, 194,000 tonnes of copper and 295,000 ounces of gold. Included within this resource is a higher grade molybdenum rich zone of 25 million tonnes grading 0.11% molybdenum, 2.8g/t rhenium and 0.26% Cu.

The Kalman deposit is classified as an Inferred Mineral Resource that complies with recommendations in the Australasian Code for Reporting of Mineral Resources and Ore Reserves (2004) by the Joint Ore Reserves Committee (JORC). Refer to Addendum B for details.

The deposit is open down-plunge to the south.

Kalman Inferred Mineral Resource Estimate - Combined EPM14232 (Mount Dockerell Mining Pty Ltd 100%) and EPM13870 (Mount Dockerell Mining Pty Ltd 51%)

Domain	Tonnes	Mo	Re	Cu	Au	Mo	Re	Cu	Au
	million	%	g/t	%	g/t	Tonnes	Ounces	Tonnes	Ounces
Copper Zone									
EPM13870	36.7	0.06	1.46	0.31	0.15	20,400	1,717,000	112,300	173,000
EPM14232	24.1	0.04	0.79	0.34	0.16	10,000	609,200	82,400	121,900
Total Copper Zone (Including the Molybdenum Zone)	60.8	0.05	1.28	0.32	0.15	30,400	2,326,200	194,700	294,900
Molybdenum Zone									
EPM13870	18.8	0.11	2.84	0.23	0.11	19,900	1,726,000	42,600	67,600
EPM14232	7.4	0.12	2.56	0.34	0.17	8,900	609,200	25,300	40,800
Total Molybdenum Zone	26.2	0.11	2.77	0.27	0.13	28,800	2,335,200	67,900	108,400
Source: Kings Minerals NL 2010 Annual Report – Refer to ASX release by Kings Minerals NL (ASX:CJO) dated September 10, 2008 for full details of Mineral Resource Estimate Cut-offs: Open Pit (Cu 0.2%, Mo 0.02%), Underground (Cu 0.5%, Mo 0.05%)									

Metallurgical Studies

Preliminary metallurgical studies including determining the comminution characteristics for the mineralisation and evaluation of various flotation reagent regimes have been undertaken. These studies indicate that separate copper and molybdenum concentrates can be produced. The rhenium reports to the molybdenum concentrate and the gold to the copper concentrate.

Baseline environmental studies have been undertaken in the project area.

Exploration and Development Potential

The Kalman deposit is considered to have potential for exploitation by medium scale open cut and underground mining and for extension of the defined resource with further exploration drilling.

Several copper, gold and molybdenum targets including Pelican, Serendipity and Python have been identified along strike to the south of Kalman and represent priority targets for new resources. The tenements also include the Andy's Hill and Overlander IOCG targets and the Kalman West copper-gold-molybdenum geochemical targets; all located proximal to Kalman.

Future work at Kalman will focus on defining and extending the higher grade copper and molybdenum zones, conducting scoping level mining studies and also drill testing a number of the copper-gold-molybdenum targets in the Kalman area.

Mt Philp

The **Mt Philp** iron deposit is located 57 kilometres southeast of Mt Isa, 8km to the northwest of Kalman and within 25km of the Barkly Highway.

Access to Mt Philp is by well-maintained station tracks that start at the Barkly Highway. The Mt Isa to Townsville railway passes approximately 25km from the deposit.

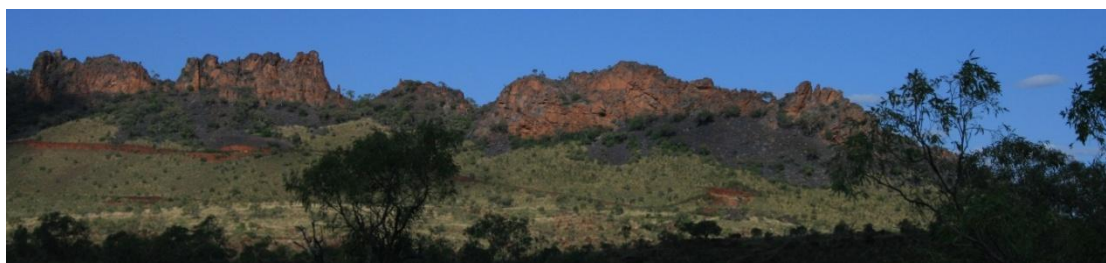
The deposit occurs within EPM14232 and EPM18116. An application has been lodged with the Queensland Department of Natural Resources for a Mineral Development Licence (MDL471) over the deposit. All permits are in place to enable the current exploration programs, including land and native title access.

Geology

The deposit occurs as a single north-northeast trending iron rich stratigraphic unit that extends over 4 kilometres within the Proterozoic Corella Formation and grades from haematitic quartzite through banded siliceous ironstone and siliceous ironstone into massive haematitic ironstone.

In the northern section of Mt Philp the ironstone is comprised of massive fine to medium grained crystalline haematite with subordinate crystalline quartz. In the southern section, the ironstone is comprised of fine grained haematite in a fine grained annealed quartz matrix. Both massive and banded varieties of the siliceous haematite are recognised.

Mount Philp



Mount Philp Mineral Resource Estimate

The deposit was evaluated in 2010/2011 with a program of regional mapping, rock-chip geochemistry and drilling.

In 2011, 48 diamond and reverse circulation (RC) drill holes were completed for a total of 3,801 metres. Drilling is on a nominal 100 metres pattern along the strike length of the ironstone. The drilling program formed the basis of the resource estimation.

The Mineral Resource Estimate is composed of 19 million tonnes of Indicated Resource grading 41% iron and a further 11 million tonnes of Inferred Resource grading 34% iron. (CJO, ASX Release dated 31 January 2012.) The Resource Estimate complies with recommendations in the Australasian Code for Reporting of Mineral Resources and Ore Reserves (2004) by the Joint Ore Reserves Committee (JORC). The resource is constrained by geologic boundaries and is open at depth.

Mount Philp Mineral Resource Estimate

Geological Boundary	Resource Category	Tonnes (Million)	Fe %	SiO2 %	P %	Al2O3 %	TiO2 %	LOI %
Haematitic	Indicated	12.78	48.82	27.55	0.01	1.14	0.34	0.30
Siliceous	Indicated	6.33	26.47	58.91	0.03	1.61	0.47	0.29
TOTAL/avg	Indicated	19.11	41.42	37.93	0.02	1.30	0.38	0.29
Haematitic	Inferred	4.63	47.78	28.85	0.02	1.58	0.38	0.26
Siliceous	Inferred	6.77	24.47	60.67	0.03	2.27	0.51	0.34
TOTAL/avg	Inferred	11.40	33.82	47.74	0.02	1.99	0.46	0.30

(Source: Cerro Resources NL (ASX:CJO) Scheme Booklet dated 22/3/2013)

Metallurgical Studies

The Mt Philp deposit is characterised by its simple mineralogy of haematite and silica with no significant contaminants.

Preliminary metallurgical test work conducted in 2010 on samples from within the Inferred resource model, indicated the ability to produce a high grade (68% iron) product using flotation to remove silica. The flotation sighter test work produced an average 68% iron product at 77% iron recovery and 1.5% silica content. Further test work is to be conducted to optimise the flotation conditions to maximise iron recovery whilst still maintaining the low silica content in the final product.

Exploration and Development Potential

Further work at Mt Philp will focus on scoping study level assessment of the economic potential of the deposit. The location of the deposit relatively close to existing infrastructure, the potential to produce a high grade product and the potentially modest ore-waste ratio are considered to be positive attributes of the resource.

Mount Morgan Region

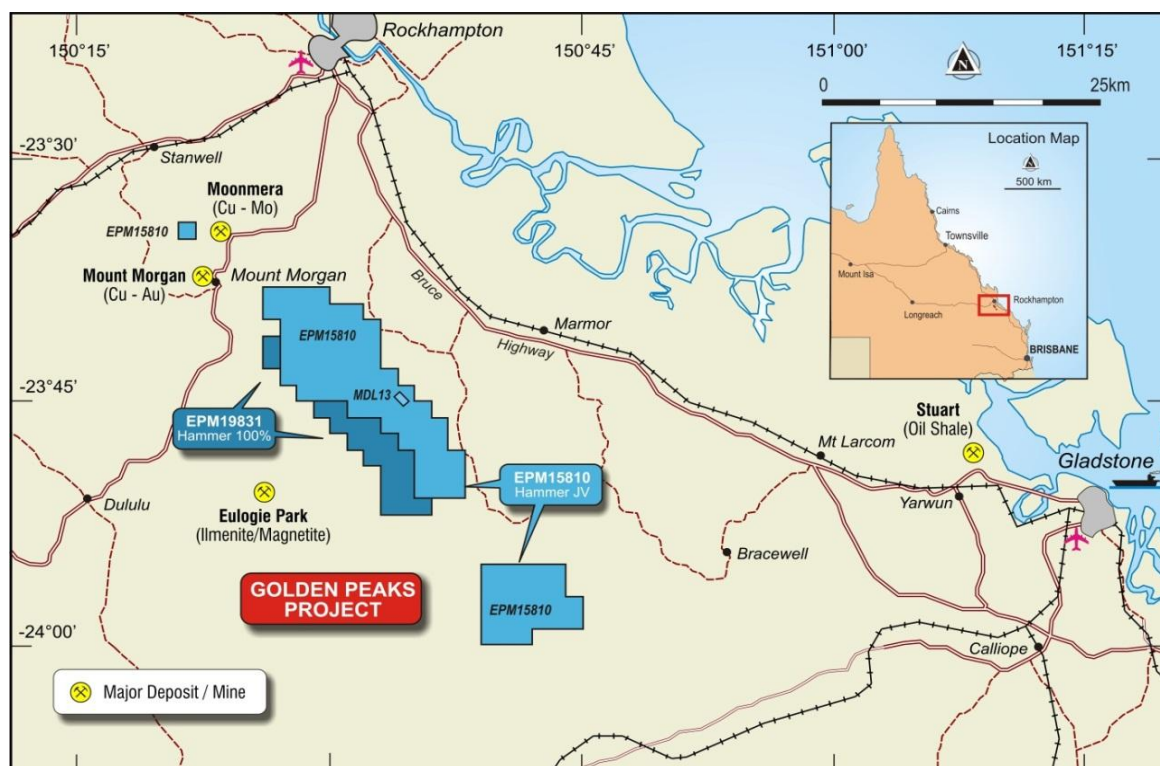
Hammer has entered into an agreement to earn an interest in the Golden Peaks Project from Perilya Limited whereby it can earn a 60% interest in the Golden Peaks Project by making expenditure on the projects of \$4 million over 4 years, at which point Perilya can elect to contribute or dilute, in which case, Hammer's interest would increase to 75%. It is a term of this agreement that Hammer must meet certain financing conditions by 20 December 2013, and such financing conditions can be met by underwriting commitments or sourced from other means. Completion of the Acquisitions by 20 December 2013 will satisfy this requirement.

The project is located in coastal central Queensland near the famous 8 million ounce Mount Morgan gold-copper mine and covers a substantial section of the host volcanic sequence to the Mount Morgan deposit.

The project area is favourably located close to substantial existing infrastructure including ports, power and railway lines.

The project comprises three (3) tenements; two exploration licenses and one Mineral Development License, centred 30 kilometres south of Rockhampton within the Dee and Ulam Ranges. The tenements cover an area of about 337km².

Perilya Limited currently holds 90% of EPM15810 and MDL13 with the remaining 10% held by a prospector syndicate. Hammer Metals has the right to earn up to 75% in the Perilya tenements. Hammer Metals holds 100% of EPM19831.



Golden Peaks Project

Exploration Rationale

It is now generally accepted that the Mount Morgan deposit is of the Volcanic Hosted Massive Sulphide (VHMS) type – a deposit style that has been a significant source of high grade base and precious metals globally.

Such deposits worldwide typically occur in clusters, with further mines often occurring elsewhere within equivalent stratigraphy.

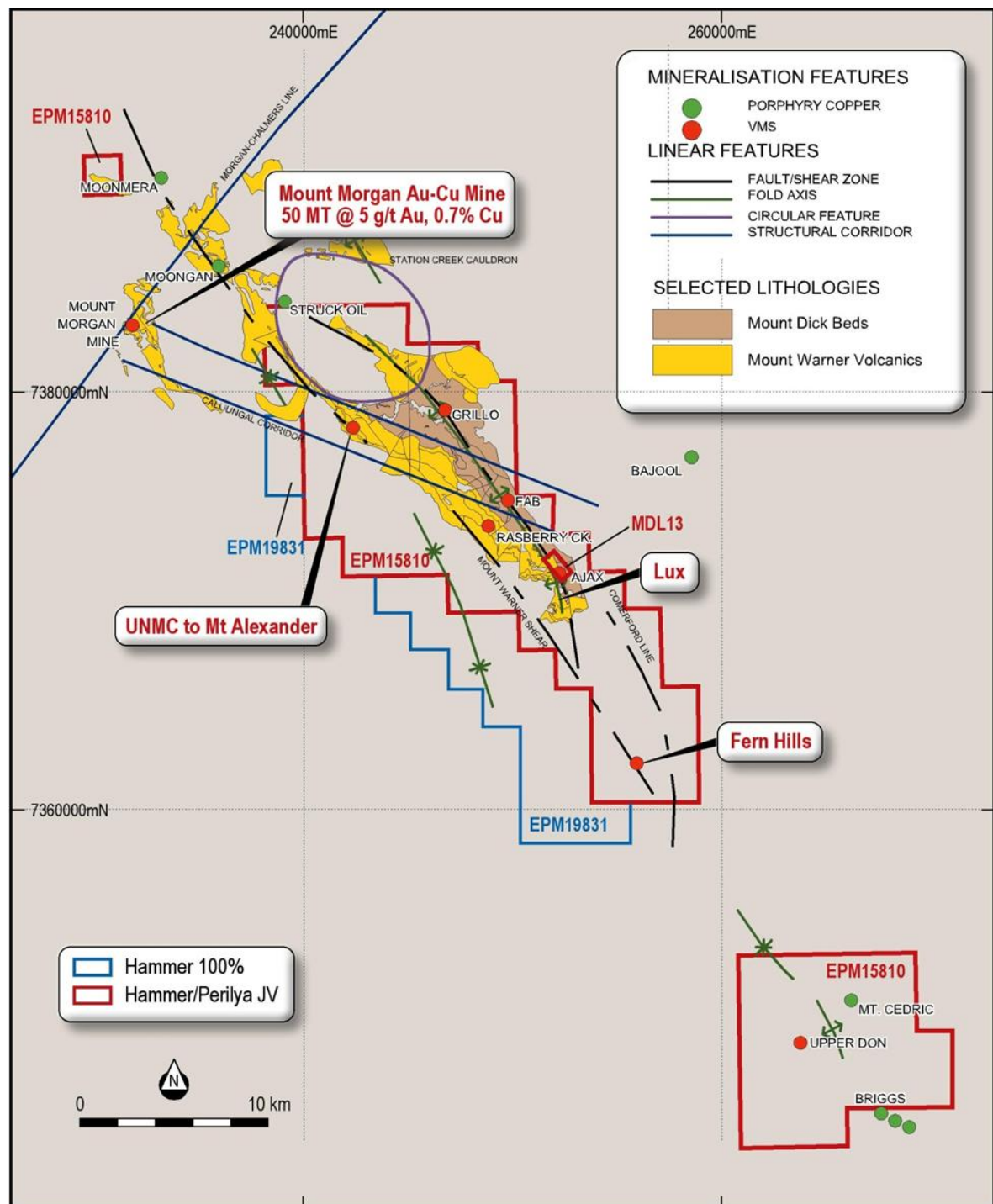
Based on the mapping of similar lithologies and also using fossil dating, the Mount Warner Volcanics which outcrop along the Dee Range south east of Mount Morgan have been correlated with the Mount Morgan mine sequence.

Hammer's tenements secure a substantial extent of the Mount Warner Volcanics.

The favourable indicator parameters are all present in the Mount Morgan volcanic belt. The size of the favourable parameters (volume of alteration zones, thickness of associated exhalites, and areas of anomalous geochemistry) within the project area suggests the potential for substantial ore deposits. It is likely however that the deposit will be "blind" – that is the deposit is not exposed at the surface.

As a result Hammer strategy is to utilise the new high-powered Versatile Transient Electro-Magnetic (VTM) systems which in recent years has shown to have directly contributed to the discovery of a number of new "blind" base metal massive sulphide deposits world-wide.

Currently available aerial geophysical data collection and processing techniques are much improved over past surveys, with the new high power helicopter-borne EM techniques such as VTEM that have the capability to detect disseminated mineralization as well as conductivity of massive sulphide deposits to depths of up to 400m below surface depending on depth of weathering and thickness of overburden.



Golden Peaks Project

Previous Exploration

The Mount Warner Volcanic sequence has received substantial programs of surface mapping and geochemistry and geophysics since the mid-1960's which located several zones of alteration and mineralisation – some of which have been drilled and returned ore-grade mineralisation.

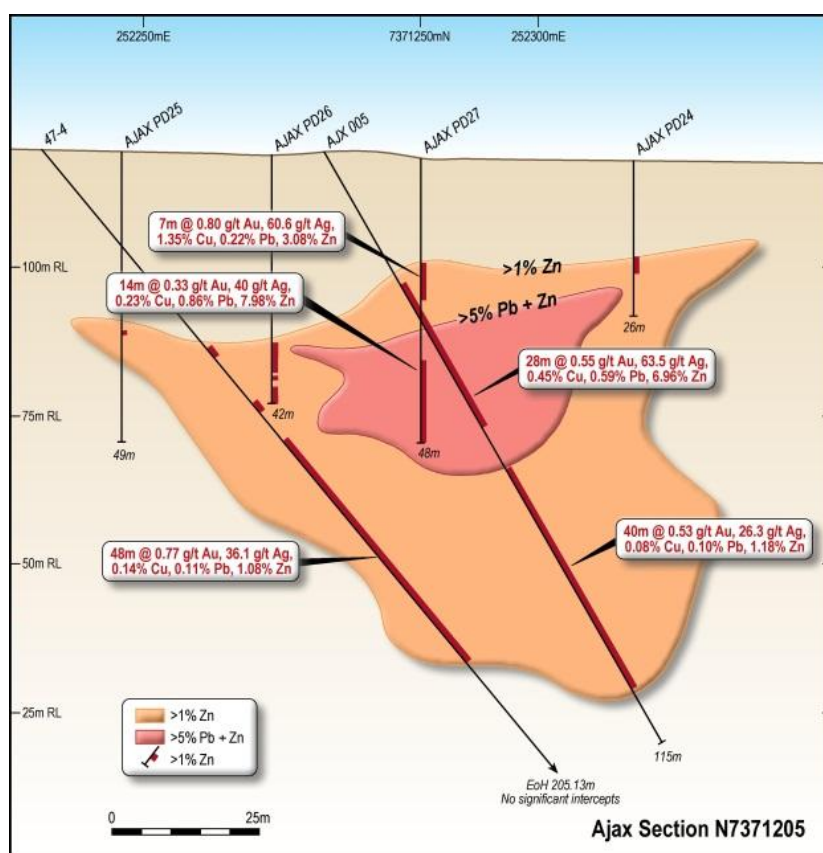
Previous geophysical surveys include gravity, ground EM, airborne magnetics and radiometrics and Induced Polarisation (IP).

Approximately 29,000m of RC and diamond drilling in 213 holes have been completed within the project area. Most of the previous drilling is focused on outcropping altered and mineralised zones and is relatively shallow with an average depth of 135m.

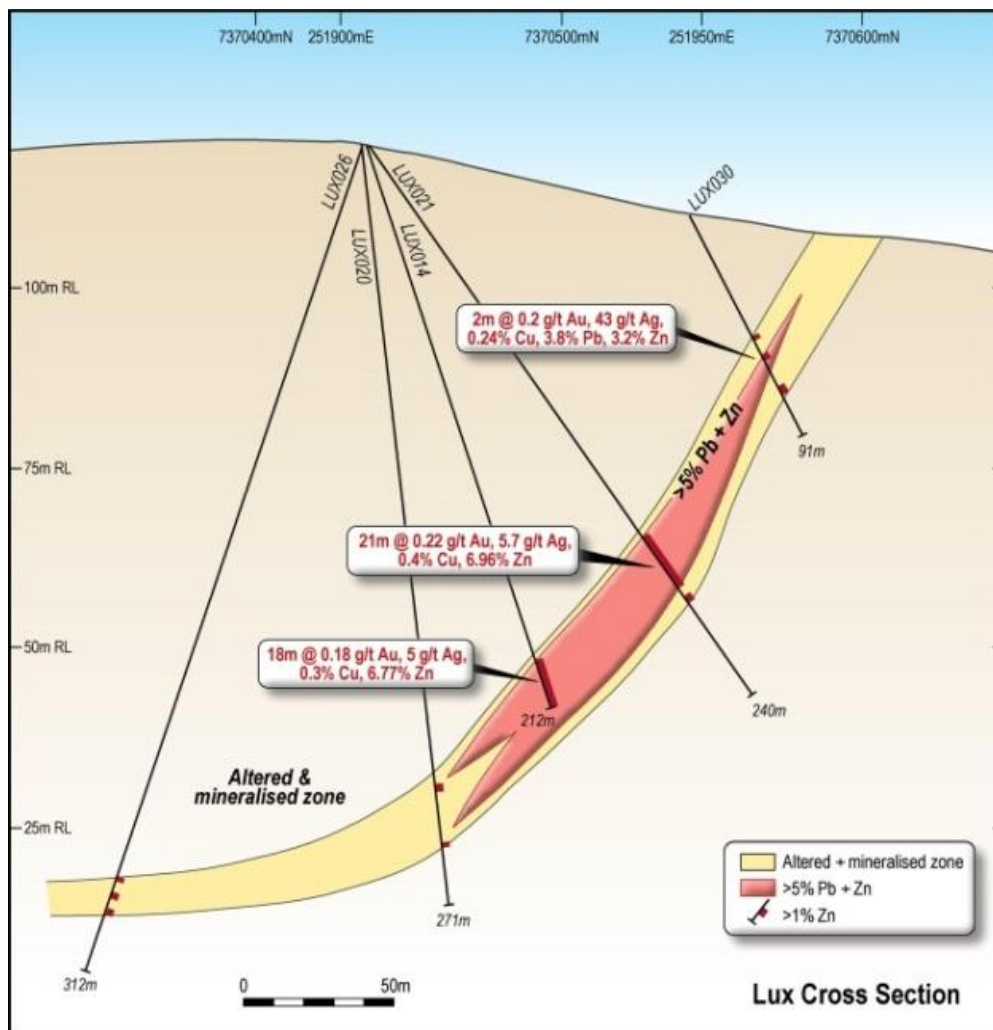
Some of the more significant historical drill intersections from Golden Peaks include:

- 21m at 6.96% Zn, 0.4% Cu, 5.7g/t Ag and 0.22g/t Au from 171m in LUX021(LUX)
- 18m at 6.77% Zn, 0.3% Cu, 5g/t Ag and 0.18g/t Au from 194m in LUX014 (LUX)
- 6m at 13.1% Zn, 0.46% Cu, 218g/t Ag and 7.6g/t Au from 227m in LUX002 (LUX)
- 28m at 6.96% Zn, 0.45% Cu, 0.59% Pb, 63g/t Ag and 0.55g/t Au from 34m in AJAX005 (AJAX)
- 9m at 1.41g/t Au and 91g/t Ag from 4m and 6m at 0.84% Pb, 240g/t Ag and 5.79g/t Au from 26m in AJAX004 (AJAX)
- 5m at 5g/t Ag, 0.34% Cu, 13.5% Zn from 259m in DDH77/12 (UNMC)
- 6.2m at 5.5% Zn and 1.3% Cu from 191m in DDH77/7 (UNMC)
- 22m at 4.2% Zn from 253m in DDH77/3 (UNMC)

There is potential to define modest JORC resources with further definition and extensional drilling at Ajax and Lux.



Ajax Prospect Cross-section



Lux Prospect Cross-section

Exploration Program

Hammer's exploration strategy is to apply the new high power airborne EM system to the volcanic terrain at Golden Peaks in the search for deposits similar to the adjacent Mount Morgan copper-gold deposit.

Following execution of the joint venture agreement Hammer in June 2013 flew the first new-generation high-powered VTEM geophysical technique over the prospective sequences within EPM 15810.

The preliminary survey data for this 900 line km survey were forwarded to Hammer's geophysical consultants who have interpreted a range of conductors including several high priority conductors some of which correspond with known areas of alteration and mineralisation. Of particular significance are the new areas with clusters of anomalous conductivity and no detailed previous exploration that have also been identified.

The final processed dataset has just been received and more detailed assessment and modelling of the VTEM conductors will now be undertaken prior to commencing follow up drill testing.

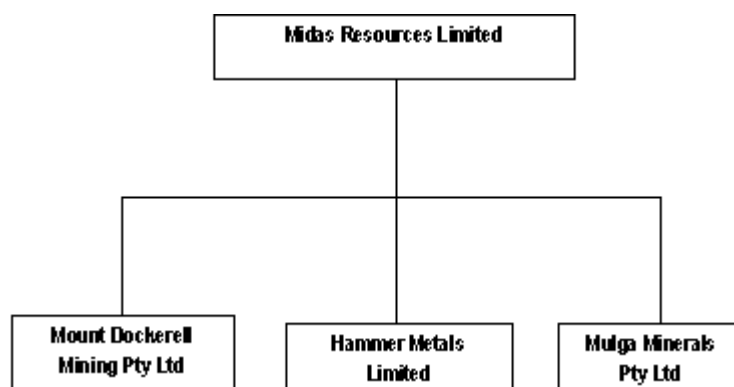
6.5 Competent Persons Statement

The information in this Notice that relates to Mineral Resources and Exploration Results is based on information compiled by Mr Russell Davis who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Davis is a director, shareholder and optionholder of Hammer Metals Limited. Mr Davis has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Davis consents to the inclusion in this Notice of the matters based on his information and information presented to him in the form and context in which it appears.

The information in this Notice as it relates to Mineral Resources and Exploration Results was reviewed by Mr John Downing, who is a Member of the Australian Institute of Geoscientists and a full time employee of Midas Resources Limited. Mr Downing has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Downing consents to the inclusion in the Notice of the matters based on the information in the form and context in which it appears.

6.6 Post-transaction ownership structure

If the Acquisitions are completed on the terms set out in this Notice, the overall ownership structure of the Company will be as follows:



6.7 Pro forma Statement of Financial Position

An unaudited pro forma balance sheet of the Company following completion of the Acquisitions is set out in Schedule 1 of this Explanatory Memorandum.

6.8 Pro forma capital structure

On the basis that Midas completes the Acquisitions on the terms set out herein, the Company's capital structure at Completion will be as follows:

	Shares	Options	Preference Shares ¹
Current issued capital	2,823,767,029	600,000 ²	NIL
Issued pursuant to Hammer acquisition	2,161,817,000	1,080,000,000 ³	NIL
Issued pursuant to MDM acquisition	1,240,000,000	NIL	800,000,000
Issued to CPS Capital Group Pty Ltd	NIL	150,000,000 ³	NIL
Total	6,225,584,029	1,230,600,000	800,000,000

Notes:

1. The full terms and conditions of the Preference Shares are set out in Schedule 2.
2. Exercisable for \$0.10 and expiring 31 December 2013.
3. The full terms of the Options are set out in Schedule 3.
4. In the event that the Transaction Resolutions are not all passed, and the Alternative Transactions are all passed, there will be no Preference Shares on issue, but there will be Convertible Notes with an aggregate face value of \$800,000.

6.9 Indicative Timetable

The anticipated timetable for the completion of the Acquisitions, and the balance of the matters referred to in this Notice, is set out below:

Event	Date
Execution and announcement of Sale and Purchase Agreement	10 September 2013
Despatch of Notice of Meeting to Shareholders	18 October 2013
Offer documents for the Offers despatched to Hammer Securityholders	18 October 2013
General meeting of shareholders	19 November 2013
Completion of the Acquisitions, including the issue of the Consideration and issue of the Options to CPS Capital Group Pty Ltd	30 November 2013

* The above dates are indicative only and represent the current intentions of the Company. The above dates are subject to change.

6.10 Advantages of the Acquisitions

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Transaction Resolutions and Alternative Transaction Resolutions.

- (a) The Acquisitions provide an opportunity for the Company to diversify its current business by gaining significant exposure to prospective ground in the areas of significant mineral discoveries and mining;
- (b) The Acquisitions and the potential increase in the market capitalisation of the Company following completion of the Acquisitions may lead to access to improved equity capital market opportunities and increased liquidity;
- (c) It will expose the Company to further opportunities over time as the Company's presence in Queensland grows.

6.11 Disadvantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Transaction Resolutions and Alternative Transaction Resolutions.

- (a) There are many risk factors associated with the Acquisitions, including general risks associated with the mineral exploration and development industry, and risks associated with the need to obtain environmental and other regulatory approvals. These risks, and others, are set out in Section 6.12 below;
- (b) The future outlay of funds will increase as a result of the Acquisitions which will increase funding pressure on the Company in order to continue its operations;
- (c) Current Shareholders will have their interests in the Company diluted by the Acquisitions and any further equity raising that may be conducted by the Company, whether for the purpose of funding the Existing Projects, the Projects or otherwise;
- (d) There is no guarantee that the exploration of the Projects will result in the discovery of minerals (whether copper, gold, molybdenum, iron ore, rhenium or others) in economic quantities;
- (e) Proposed project timelines may not proceed as currently expected;
- (f) If Shareholders approve the Acquisitions by approving the Alternative Transaction Resolutions, the Convertible Notes will represent a liability to the Company, that if, in accordance with the terms of the Convertible Notes, requires repayment in cash together with the Coupon, will have a negative effect on the cash position and net current asset position of the Company.

6.12 Risk Factors

There are a number of risks that the Company will be exposed to following Acquisitions. These risks may adversely affect the Company's financial position, prospects and price of its listed securities. In particular, the Company is subject to risks relating to the exploration and development of its exploration projects which are not generally associated with other businesses. There are various risks associated with the Acquisitions, however, this is not unusual for the Company given that it has continued to conduct exploration and development of the Existing Projects which are all located within Australia.

An investment in the Company is not risk free. It is speculative. Shareholders should consider the risk factors described in this section, together with information contained elsewhere in this Notice

Set out below are specific risks that may adversely affect the Company. The risk factors set out below are not intended to be exhaustive.

(a) *Commodity Price and Exchange Rate Risks*

Once the Company becomes a producer of copper, gold, iron ore, molybdenum, rhenium or other minerals the revenue of the Company will be derived predominantly from the price of those commodities. Any profit derived through the sale of such commodities will be exposed to commodity price and exchange rate risks. Commodity prices are volatile and can fluctuate sometimes to a large degree in a short period of time. Commodity prices are affected by many factors beyond the control of the Company including retail and industrial supply and demand fluctuations for precious and base metals, change in global economies, confidence in the gold monetary system (with respect to gold prices), technological advancements, forward selling activities of producers and speculators and other macro-economic factors like global, regional, social, political or economic events.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian

currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(b) Economic Risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and future production activities, as well as on its ability to fund those activities.

(c) Market conditions

The market price of Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities and in particular, resources stocks. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(d) Security Investments

Shareholders should be aware that there are risks associated with any investment in shares. Securities listed on the stock market, and in particular shares of mining and exploration companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the Shares regardless of the Company's performance.

Mineral exploration and mining are speculative operations that may be hampered by circumstances beyond the control of the Company. Profitability depends on successful exploration and/or acquisition of reserves, design and construction of efficient processing facilities, competent operation and management and proficient financial management.

Exploration in itself is a speculative endeavour, while mining operations can be hampered by circumstances beyond the control of the Company and cost overruns for unforeseen events.

(e) Exploration and Evaluation Risks

The success of the Company depends on the delineation of economically minable reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to the Company's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities.

Exploration on the Company's existing exploration and mining tenements may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in the cash reserves of the Company and possible relinquishment of the exploration and mining tenements.

In the case of any exploration targets, it should be noted that these are conceptual in nature, there has been insufficient exploration to define a mineral resource and that it is uncertain if further exploration will result in the determination of a mineral resources.

(f) Environmental Risks

The operations and proposed activities of the Company are subject to state and federal laws and regulation concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Company attempts to conduct its activities to an appropriate standard of environmental management, including compliance with all environmental laws.

(g) Native Title and Title Risks

Interests in tenements in Australia are governed by the respective state legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

It is also possible that, in relation to tenements which the Company has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of

Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be affected.

The Directors monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

(h) Joint Venture Parties, Agents and Contractors

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party or the insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

(i) Future Capital Requirements

The Company's activities will require substantial expenditures. The Company's funds currently available are unlikely to be sufficient to successfully achieve all the objectives of the Company's overall business strategy. If the Company is unable to use debt or equity to fund expansion and development of its Existing Projects and the Projects there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to Shareholders and any debt financing if available may involve restrictive covenants, which limit the Company's operations and business strategy.

The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

(j) Potential Acquisitions

As part of its business strategy, the Company may make acquisitions of or significant investments in companies, products, technologies or resource projects. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products, technologies or resource projects.

(k) Legislative changes and Government policy Risk

Changes in government regulations and policies may adversely affect the financial performance of the Company. The Company's capacity to explore and mine, in particular the Company's ability to explore and mine any reserves, may be affected by changes in government policy, which are beyond the control of the Company.

(l) Mineral Resource Estimates

Resource estimates are expressions of judgment based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely to some extent on interpretations made. Despite employing qualified professionals to prepare resource estimates, such estimates may nevertheless prove to be inaccurate. Furthermore, resource estimates may change over time as new information becomes available. Should the Company encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, resource estimates may need to be altered in a way that could adversely affect the Company's operations.

(m) Reliance on Key Personnel

The Company's success depends largely on the core competencies of its Directors and management, and their familiarisation with, and ability to operate, in the metals and mining industry and the Company's ability to retain its key executives.

6.13 Board of Directors

The Board of the Company currently comprises Messrs Alexander Hewlett, Patrick Corr and Nader El Sayed.

Upon Completion the composition of the board of the Company will not change.

6.14 Directors' recommendation

Mr Hewlett makes no recommendation because of a conflict of interest. The other Directors believe that the proposed change of activities is in the best interests of Shareholders and recommend that Shareholders vote in favour of all **Transaction Resolutions**.

The Directors (other than Mr Hewlett) recommend that Shareholders, when considering whether to vote in favour of either the Transaction Resolutions **OR** the Alternative Transaction Resolution, **should vote in favour of the Transaction Resolutions**. If the Alternative Transaction Resolutions are passed, the Convertible Notes will represent a liability of the Company that, in the event that the Convertible Notes are not converted to Shares in accordance with the terms of the Convertible Notes, may become repayable in cash together with any amount accrued pursuant to the Coupon.

The Chairman intends to vote all available proxies in favour of all Transaction Resolutions, and if, and only if, all Transaction Resolutions have not been passed, the Chairman intends to vote all available proxies in favour of the Alternative Transaction Resolutions.

7. RESOLUTION 5 – APPROVAL FOR SIGNIFICANT CHANGE OF ACTIVITIES

7.1 Background

Resolution 5 seeks Shareholder approval for the Company to make a significant change to its activities pursuant to making the Acquisitions.

7.2 ASX Listing Rule 11.1

Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature and scale of its activities, it must provide full details to ASX as soon as practicable and comply with the following:

- (a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if ASX requires, obtain the approval of holders of its shares and any requirements of ASX in relation to the notice of meeting; and
- (c) if ASX requires, meet the requirements of Chapters 1 and 2 of the Listing Rules as if the Company were applying for admission to the Official List.

ASX has indicated to the Company that it requires the Company to obtain the approval of its Shareholders for the proposed change of activities.

For this reason, the Company is seeking Shareholder approval for the Company to make a significant change to its activities under Listing Rule 11.1.2.

The Chairman intends to vote all available proxies in favour of Resolution 5.

8. RESOLUTIONS 6 & 7 – ISSUE OF SECURITIES TO HAMMER SECURITY HOLDERS IN CONSIDERATION OF THE ACQUISITION OF HAMMER METALS LIMITED

8.1 General

As set out in Section 6.3, in accordance with the terms of the Sale and Purchase Agreement, the Company has agreed to issue 2,161,817,000 Shares (at a deemed issue price of \$0.001 per Share) to Hammer Shareholders, and 1,080,000,000 Options to Hammer Optionholders, in proportion to their respective Hammer Securityholders in consideration of the acquisition by the Company of all of the Hammer Securities.

Resolutions 6 and 7 seek approval for the issue of Shares and Options to Hammer Securityholders in consideration of the acquisition by the Company of all of the Hammer Securities.

8.2 Listing Rules 7.1 and 10.11

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

One circumstance where an issue is not taken into account in the calculation of the 15% threshold is where the issue has the prior approval of shareholders in a general meeting.

Listing Rule 10.11 requires a listed company to obtain Shareholder approval by ordinary resolution prior to the issue of securities to a related party. Elefantino Pty Ltd (a company controlled by Mr Alexander Hewlett, a director of the Company) (“**Elefantino**”) is a related party of the Company and will receive Shares and Options in consideration of the acquisition by the Company of all of the Hammer Securities it holds. Resolution 7 seeks Shareholder approval for the issue of the Shares and Options to Elefantino for this purpose.

8.3 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. Section 208 of the Corporations Act prohibits a public company from giving a financial benefit to a related party unless one of the exceptions to Section 208 applies or shareholders have approved the giving of that benefit to the related party.

A “financial benefit” is defined in the Corporations Act in broad terms and includes a public company, issuing securities, and buying an asset from a related party.

For the purposes of this Meeting, a “related party” includes an entity controlled by a Director of the Company. Given that Elefantino is controlled by Mr Alex Hewlett, who is a director of the Company, and is proposed to be issued Shares and Options there is a provision of a financial benefit to a related party of the Company.

Section 210 of the Corporations Act provides that a company does not need to obtain shareholder approval to give a financial benefit to a related party if the giving of the financial benefit would be reasonable in the circumstances if the party and the entity were dealing at arm’s length (or on terms less favourable than arm’s length).

Notwithstanding the above, the Board is of the view that it is prudent to seek Shareholder approval under Section 208 of the Corporations Act for the issue of Shares and Options to Elefantino.

Section 208 of the Corporations Act provides that for a public company to give a financial benefit to a related party of that company, the public company must:

- (a) obtain the approval of members in the way set out in Section 217 and 227; and
- (b) give the benefit within 15 months after the approval.

In accordance with Chapter 2E, and in particular Section 219 of the Corporations Act, the following information is provided to Shareholders to allow them to assess the proposed issue of Shares and Options to Elefantino:

The related party to whom the resolutions would permit the financial benefit to be given.

The related party is Elefantino, an entity controlled by Mr Alexander Hewlett, a director of the Company.

The nature of the financial benefit

The financial benefit proposed to be given is 415,714,217 Shares and 210,000,000 Options in consideration of the acquisition by the Company of all of the Hammer Securities held by Elefantino. If the Options issued to Elefantino pursuant to Resolution 7 are all exercised, Elefantino will make a total payment of \$420,000 to subscribe for 210,000,000 Shares.

Directors' interest in the outcome

Mr Hewlett's interest in the outcome of this Resolution is 415,714,217 Shares and 210,000,000 Options.

The other Directors, Mr Patrick Corr and Mr Nader El Sayed, do not have a material interest in the outcome of this Resolution.

Relevant Director's remuneration package

Mr Hewlett currently receives annual remuneration (exclusive of superannuation) of \$70,000. Mr Hewlett did not receive any remuneration from the Company in the two preceding financial years.

Related party's existing interest

Mr Hewlett currently has an interest in the following securities of the Company:

Shares	Options
NIL	NIL
48,000,000 ¹	NIL

Notes:

1. Held by Elefantino and Mazza Resources Pty Ltd.

Dilution

If the Shares and Options are issued to Elefantino and Completion occurs, the effect of the issue of Shares and Options to Elefantino will be to dilute the shareholding of Shareholders by approximately:

- (a) 7.1% (assuming no Options (assuming none of the Options to be issued to Elefantino Pty Ltd are exercised and no other Shares are issued); and
- (b) 10.1% (assuming all of the Options to be issued to Elefantino Pty Ltd are exercised and no other Shares are issued).

Trading history

In the last 12 months before the date of this Notice, the highest, lowest and latest trading prices (as at 2 October 2013) of the listed Shares on ASX are as set out below:

	Shares (ASX: MDS)
Highest (4 October 2012)	\$0.015
Lowest (2 October 2013)	\$0.001
Latest (2 October 2013)	\$0.001

Valuation of financial benefit

The financial benefit which is being provided by the Company to Elefantino and requires approval under Resolution 7 is the issue of Shares and Options.

The value of the financial benefits to be provided to Elefantino is set out in the table below:

	Value of Financial Benefit
Shares ¹	\$415,714.22
Options ^{2,3,4,5,6,7,8}	\$142,800
Total	\$558,514.22

1. Issued for a deemed issue price of \$0.001
2. The valuation date was 26 August 2013.
3. The Black and Scholes option valuation methodology was used as the basis for the calculation.
4. The Share price as at the valuation date was \$0.001.
5. The risk free interest rate used was 3.2%.
6. A volatility factor of 117.4% was used.
7. There are no vesting conditions.
8. The expected dividend yield is 0%.
9. The value of each Option is \$0.00068

Directors' recommendation and basis of recommendation

All Directors, other than Mr Hewlett, recommend that Shareholders vote in favour of Resolution 7 on the basis that the issue of Shares and Options to Elefantino is necessary to complete the Acquisitions. The Directors, other than Mr Hewlett, are not aware of any other information (other than as included in this Notice) that may be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 7.

Mr Hewlett declined to make a recommendation to Shareholders in relation to Resolution 7 due to his material personal interest in the outcome of Resolution 7.

8.4 Technical Information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of Shares and Options for the purpose of the acquisition of all of the Hammer Securities held by unrelated parties as part of the Acquisitions:

- (a) The maximum number of securities to be issued pursuant to Resolution 6 is 1,746,102,783 Shares and 870,000,000 Options (being the Shares and Options issued to unrelated Hammer Securityholders in consideration of the acquisition by the Company of all of the Hammer Securities held by them);
- (b) The Shares and Options the subject of Resolution 6 will be issued as consideration for the acquisition by the Company of all of the Hammer Securities by the Company, other than those Securities held by Elefantino;

- (c) The Shares and Options the subject of Resolution 6 will be allotted and issued to the Hammer Securityholders, other than Elefantino, none of whom are related parties of the Company, nor will any Hammer Securityholder hold an interest in the Company of 20% or greater in the capital of the Company;
- (d) The Shares and Options the subject of Resolution 6 will be issued on the Completion Date, and in any event, not later than 3 months after the date of the Meeting (or such other later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated that allotment will occur on the same date;
- (e) The Shares the subject of Resolution 6 are fully paid ordinary shares in the capital of the Company and will rank equally with the Company's current issued Shares;
- (f) The Options the subject of Resolution 6 will be issued on the terms and conditions set out in Schedule 3;
- (g) The Shares and Options the subject of Resolution 6 will be issued for nil cash in consideration of the acquisition by the Company of all of the Hammer Securities (other than those held by Elefantino). Accordingly, no funds will be raised from the issue of the Shares and Options the subject of Resolution 6. If all of the Options the subject of Resolution 6 are exercised, the holders of those Options will make a total payment of \$1,740,000 to subscribe for 870,000,000 Shares.

8.5 Technical Information required by Listing Rule 10.13

Pursuant to and in accordance with the requirements of Listing Rule 10.13, the following information is provided in relation to the proposed issue of Shares and Options to Elefantino in consideration of the acquisition of all of the Hammer Securities it holds:

- (a) The Shares and Options the subject of Resolution 7 will be issued to Elefantino (a company controlled by Mr Alexander Hewlett, a director of the Company) (or its nominee) in consideration of the acquisition by the Company of all of the Hammer Securities held by it;
- (b) The maximum number of Shares the subject of Resolution 7 to be issued is 415,714,217 Shares issued at a deemed issue price of \$0.001;
- (c) The maximum number of Options the subject of Resolution 7 to be issued is 210,000,000 Options;
- (d) The Shares and Options the subject of Resolution 7 will be issued on the Completion Date, and in any event, not later than 1 month after the date of the Meeting (or such other later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated that allotment will occur on the same date;
- (e) The Shares the subject of Resolution 7 are fully paid ordinary shares in the capital of the Company and will rank equally with the Company's current issued Shares;
- (f) The Options the subject of Resolution 7 will be issued on the terms and conditions set out in Schedule 3;
- (g) The Shares and Options the subject of Resolution 7 will be issued for nil cash in consideration of the acquisition by the Company of all of the Hammer Securities held by Elefantino. Accordingly, no funds will be raised from the issue of the Shares and Options the subject of Resolution 7. If the all of Options the subject of Resolution 7 are exercised, a total amount of \$420,000 will be raised pursuant to the exercise thereof.

The Chairman intends to vote all available proxies in favour of Resolutions 6 and 7.

9. RESOLUTIONS 8 & 9 – PREFERENCE SHARES

9.1 Amendment to Constitution relating to Preference Shares

Section 254A of the Corporations Act requires that a company can only issue preference shares if the rights attached to the preference shares are set out in the relevant company's constitution or approved by a special resolution of its shareholders.

The Company's Constitution does not expressly set out the rights attaching to preference shares. Accordingly, Resolution 8 is seeking Shareholder approval by way of special resolution to amend the Constitution by inserting the following Rule 2.12.

"2.12 Issue of Preference Shares

- (a) The Directors may issue preference Shares including preference Shares which are, or at the option of the Company or holder are, liable to be redeemed or convertible into ordinary or any other class of Shares.*
- (b) Each preference share confers on the holder the right to receive a preferential dividend, in priority to the payment of any dividend on ordinary Shares, at the commercial rate (which may be fixed, variable or resettable) decided by the Directors under the terms of issue.*
- (c) The preferential dividend may be cumulative if and to the extent the Directors decide under the terms of issue, and will otherwise, be non-cumulative.*
- (d) Each preference Share confers on its holder the right in a winding up and on redemption to payment in priority to the ordinary Shares of:*
 - (i) the amount of any dividend accrued but unpaid on the Share at the date of winding up or date of redemption; and*
 - (ii) any additional amount specified in the terms of issue.*
- (e) Each preference Share will confer on its holder the right in a winding up and on redemption to payment in priority to any other class of Shares of any amount paid up on the preference Share.*
- (f) To the extent the Directors may decide under the terms of issue, a preference Share may confer a right to a bonus issue or capitalisation of profits or other distributable reserves in favour of those Shares only.*
- (g) A preference Share does not confer on the holder any rights to participate in the profits or assets of the Company except as set out in this Rule 2.12.*
- (h) A preference Share does not entitle the holder to vote at any general meeting of the Company except in the following circumstances:*
 - (i) During a period during which a dividend (or part of a dividend) in respect of the Share is in arrears;*
 - (ii) On a proposal to reduce the Company's share capital;*
 - (iii) On a resolution to approve the terms of a buy-back agreement;*
 - (iv) On a proposal that affects rights attached to the Share;*

- (v) *On a proposal to wind up the Company;*
- (vi) *On a proposal for the disposal of the whole of the Company's property, business or undertaking;*
- (vii) *During the winding up of the Company.*
- (i) *The holder of the preference Share who is entitled to vote in respect of that Share under Rule 2.12(h) is, on a poll, entitled to one vote per preference Share.*
- (j) *In the case of a redeemable preference Share, the Company must, at the time and the place (if any) for redemption specified in, or determined in accordance with, the terms of issue, redeem the Share in the manner and subject to the conditions specified in the terms of issue.*
- (k) *A holder of a preference Share must not transfer or purport to transfer, and the Directors to the extent permitted by the Listing Rules, must not register a transfer of the preference Share if the transfer would contravene any restrictions on the right to transfer the Share set out in the terms of issue.*
- (l) *The issue of any Share which ranks in priority to preference Shares in any respect will be treated as a variation or abrogation of the rights of the preference Shares. The issue of any Share ranking equally with preference Shares will not be treated as a variation of any of the rights of the preference Shares if that Share may not be redeemed until all existing preference Shares have been redeemed or converted to another class of Share"*

9.2 Approval of Preference Shares

The Company seeks Shareholder approval to create the Preference Shares as a new class of shares in the Company on the terms and conditions in Schedule 2.

A company having a single class of shares on issue which proposes to issue a new class of shares not having the same rights as its existing shares, is taken to vary the rights of existing shareholders unless the constitution already provides for such an issue.

Section 246B of the Corporations Act provides that the rights attaching to a class of shares cannot be varied without:

- (a) a special resolution passed at a meeting of holders of the issued shares of the affected class; or
- (b) the written consent of the holders of 75% of the votes of the affected class.

Accordingly, the Company seeks Shareholder approval for the issue of the Preference Shares as a new class of shares on the terms set out in Schedule 2. Resolution 9 is a special resolution.

Subject to approval of the Transaction Resolutions (including Resolutions 8 and 9), the Company proposes to issue 800,000,000 Preference Shares to Santana as contemplated by section 6.3 and Resolution 10.

The Chairman intends to vote all available proxies in favour of Resolutions 8 and 9.

10. RESOLUTION 10 - ISSUE OF SECURITIES TO SANTANA MINERALS LIMITED IN CONSIDERATION OF THE ACQUISITION OF MT DOCKERELL MINING PTY LTD

10.1 General

As set out in Section 6.3, in accordance with the terms of the Sale and Purchase Agreement, the Company has agreed to issue 1,240,000,000 Shares (at a deemed issue price of \$0.001 per Share) and 800,000,000 Preference Shares (or the alternative contemplated by Resolution 11) to Santana in consideration of the acquisition of all of the issued capital of MDM.

Resolution 10 seeks approval for the issue of Shares and Preference Shares to Santana (or its nominee) during the period of 3 months after the meeting (or a longer period if allowed by ASX), without using the Company's 15% placement capacity under Listing Rule 7.1.

In accordance with Appendix 9B of the Listing Rules, ASX may apply escrow provisions to the Shares and Preference Shares issued under Resolution 10. As at the date of this Notice of Meeting, ASX has advised the Company that the Shares and Preference Shares issued to Santana will be subject to restriction for 12 months from the date issue.

10.2 Listing Rule 7.1

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

One circumstance where an issue is not taken into account in the calculation of the 15% threshold is where the issue has the prior approval of shareholders in a general meeting.

Exception 4 under Listing Rule 7.2 provides that approval is not required on the conversion of convertible securities. If Shareholder approval is obtained for Resolution 10, further Shareholder approval will not be required in order to issue the Shares into which the Preference Shares are able to convert.

10.3 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of Shares and Preference Shares to Santana for the purpose of the acquisition of all of the issued capital of MDM:

- (a) The maximum number of securities to be issued pursuant to Resolution 10 is 1,240,000,000 Shares and 800,000,000 Preference Shares in consideration of the acquisition by the Company of all of the issued capital of MDM;
- (b) The Shares and Preference Shares the subject of Resolution 10 will be issued to Santana (or its nominee);
- (c) The Shares and Preference Shares the subject of Resolution 10 will be issued on the Completion Date, and in any event, not later than 3 months after the date of the Meeting (or such other later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated that allotment will occur on the same date;
- (d) The Shares the subject of Resolution 10 are fully paid ordinary shares in the capital of the Company and will rank equally with the Company's current issued Shares;
- (e) The terms of the Preference Shares are set out in Schedule 2;
- (f) The Shares and Preference Shares the subject of Resolution 10 will be issued for nil cash in consideration of the acquisition by the Company of all of the issued capital of MDM. Accordingly,

no funds will be raised from the issue of the Shares and Preference Shares the subject of Resolution 10.

The Chairman intends to vote all available proxies in favour of Resolution 10 if the Resolution is put to the Meeting.

11. RESOLUTION 11 - ALTERNATIVE ISSUE OF SECURITIES TO SANTANA MINERALS LIMITED IN CONSIDERATION OF THE ACQUISITION OF MT DOCKERELL MINING PTY LTD

11.1 Background

As set out in Section 6.3, in accordance with the terms of the Sale and Purchase Agreement, the Company has agreed (as an alternative to the consideration contemplated by Resolution 10) to issue 1,240,000,000 Shares (at a deemed issue price of \$0.001 per Share) and Convertible Notes with a face value of \$800,000 to Santana (or its nominee) in consideration of the acquisition of all of the issued capital of MDM.

Resolution 11 seeks approval for the issue of Shares and Convertible Notes to Santana (or its nominee) during the period of 3 months after the meeting (or a longer period if allowed by ASX), without using the Company's 15% placement capacity under Listing Rule 7.1.

In accordance with Appendix 9B of the Listing Rules, ASX may apply escrow provisions to the Shares and Convertible Notes issued under Resolution 11. As at the date of this Notice of Meeting, ASX has advised the Company that the Shares and Convertible Notes issued to Santana will be subject to restriction for 12 months from the date issue

Resolution 11 will only be put to the Meeting if either Resolutions 8 or 9 are not passed as a special resolution or Resolution 10 is not passed.

11.2 Listing Rule 7.1

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

One circumstance where an issue is not taken into account in the calculation of the 15% threshold is where the issue has the prior approval of shareholders in a general meeting.

Exception 4 under Listing Rule 7.2 provides that approval is not required on the conversion of convertible securities. If Shareholder approval is obtained for Resolution 11, further Shareholder approval will not be required in order to issue the Shares into which the Convertible Notes are able to convert.

11.3 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of Shares and Convertible Notes to Santana for the purpose of the acquisition by the Company of all of the issued capital of MDM as contemplated by Resolution 11:

- (a) The maximum number of securities to be issued pursuant to Resolution 11 is 1,240,000,000 Shares and Convertible Notes with a face value of \$800,000 upon which a maximum of 800,000,000 Shares can be issued upon conversion;
- (b) The Shares and Convertible Notes the subject of Resolution 11 will be issued to Santana (or its nominee) as consideration for the acquisition by the Company of all of the issued capital of MDM;
- (c) The Shares and Convertible Notes the subject of Resolution 11 will be issued on the Completion Date, and in any event, not later than 3 months after the date of the Meeting (or such other later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated that allotment will occur on the same date;
- (d) The Shares the subject of Resolution 11 are fully paid ordinary shares in the capital of the Company and will rank equally with the Company's current issued Shares;
- (e) The terms of the Convertible Notes are set out in Schedule 4;
- (f) The Shares and Convertible Notes the subject of Resolution 11 will be issued for nil cash in consideration of the acquisition by the Company of all of the issued capital of MDM. Accordingly, no funds will be raised from the issue of the Shares and Convertible Notes the subject of Resolution 11.

If, and only if, Resolutions 8 and 9 are not passed as special resolutions, or Resolution 10 is not passed, the Chairman intends to vote all available proxies in favour of Resolution 11.

12. RESOLUTION 12 – ISSUE OF OPTIONS TO CPS CAPITAL GROUP PTY LTD

12.1 Background

Resolution 12 seeks Shareholder approval pursuant to Listing Rule 7.1 for the allotment and issue of 150,000,000 Options to CPS Capital Group Pty Ltd (“CPS”). The Company has agreed to issue the Options to CPS as consideration for CPS providing corporate advisory services and providing assistance in relation to the Acquisitions.

CPS is not a related party of the Company.

12.2 Technical information required by Listing Rule 7.3

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

- (a) The maximum number of securities to be issued pursuant to Resolution 12 is 150,000,000 Options;
- (b) The Options the subject of Resolution 12 will be issued to CPS (or its nominee) as consideration for CPS providing corporate advisory services and providing assistance in relation to the Acquisitions;
- (c) The Options the subject of Resolution 12 will be issued no later than 3 months after the date of the Meeting (or such other later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated that allotment will occur on the same date;

- (d) The Options the subject of Resolution 12 will be on the terms set out in Schedule 3;
- (e) The Options the subject of Resolution 12 will be issued for nil cash in consideration. Accordingly, no funds will be raised from the issue of the Options the subject of Resolution 12. If all of the Options the subject of Resolution 12 are exercised, the holders of those Options will make a total payment of \$300,000 to subscribe for 150,000,000 Shares.

The Chairman intends to vote all available proxies in favour of Resolution 12.

13. RESOLUTIONS 13 AND 14 – ISSUE OF OPTIONS TO MR PATRICK CORR AND MR NADER EL SAYED - DIRECTORS OF THE COMPANY

13.1 Background

The Company proposed to issue Director Options to Mr Patrick Corr and Mr Nader El Sayed (both directors of the Company) as a component of their remuneration, in order to retain their services and provide incentives linked to the performance of the Company.

Given the speculative nature of the Company's activities and the small management team responsible for its running, it is considered the performance of the Directors and the performance and value of the Company are closely related. As such, the Director Options granted to Mr Corr and Mr El Sayed will generally only be of benefit if the Directors perform to the level whereby the value of the Company increases sufficiently to warrant exercising those Director Options.

13.2 Reasons shareholder approval is required

Shareholder approval is required under Listing Rule 10.11 and section 208 of the Corporations Act because the Directors are related parties of the Company.

Furthermore, Shareholder approval of the issue of Director Options means that the grant will not reduce the Company's 15% placement capacity under Listing Rule 7.1.

13.3 Technical Information required by Listing Rule 10.13

- (a) The Director Options will be issued to Mr Patrick Corr and Mr Nader El Sayed (or their nominees);
- (b) The maximum number of Director Options to be issued to Mr Corr (or his nominee) is 100,000,000 Director Options;
- (c) The maximum number of Director Options to be issued to Mr El Sayed (or his nominee) is 100,000,000 Director Options;
- (d) The Director Options will be issued not later than 1 month after the date of the Meeting (or such other later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated that allotment will occur on the same date
- (e) The Director Options will be issued on the terms and conditions set out in Schedule 3;
- (f) The Director Options will be issued for nil cash consideration. Accordingly, no funds will be raised from the issue of the Director Options. If the all of Director Options issued to Mr Corr are exercised, a total amount of \$200,000 will be raised pursuant to the exercise thereof. If the all of Director Options issued to Mr El Sayed are exercised, a total amount of \$200,000 will be raised pursuant to the exercise thereof.

13.4 Section 219 of the Corporations Act

The related party to whom the resolutions would permit the financial benefit to be given.

The related parties to whom a financial benefit will be given are Mr Patrick Corr and Mr Nader El Sayed, both directors of the Company.

The nature of the financial benefit

The financial benefit proposed to be given is:

- (a) 100,000,000 Director Options to Mr Corr (or his nominee); and
- (b) 100,000,000 Director Options to Mr El Sayed (or his nominee).

If the Options issued to Mr Corr (or his nominee) are all exercised, payment of \$200,000 will be made to subscribe for 100,000,000 Shares.

If the Options issued to Mr El Sayed (or his nominee) are all exercised, payment of \$200,000 will be made to subscribe for 100,000,000 Shares.

Directors' interest in the outcome

Mr Corr's interest in the outcome of Resolution 13 is 100,000,000 Director Options.

Mr El Sayed's interest in the outcome of Resolution 14 is 100,000,000 Director Options.

The Company's other Director, Mr Alexander Hewlett, does not have a material interest in the outcome of Resolutions 13 and 14.

Relevant Director's remuneration package

Mr Corr currently receives annual remuneration (exclusive of superannuation) of \$30,000. Mr Corr did not receive any remuneration from the Company in the two preceding financial years.

Mr El Sayed currently receives annual remuneration (exclusive of superannuation) of \$30,000. Mr El Sayed did not receive any remuneration from the Company in the two preceding financial years.

Related party's existing interest

Mr Corr currently has an interest in the following securities of the Company:

Shares	Options
7,000,000	NIL

Mr El Sayed does not currently have an interest in any securities of the Company:

Dilution

The dilution effect if all Director Options are exercised (and assuming that Completion occurs and no other Options are exercised and no other Shares are issued) will be 3% on Shareholders.

Trading history

In the last 12 months before the date of this Notice, the highest, lowest and latest trading prices (as at 2 October 2013) of the listed Shares on ASX are as set out below:

	Shares (ASX: MDS)
Highest (4 October 2012)	\$0.015
Lowest (2 October 2013)	\$0.001
Latest (2 October 2013)	\$0.001

Valuation of financial benefit

The value of the financial benefits to be provided to Mr Corr and Mr El Sayed is set out in the table below:

	Financial Benefit	Value of Financial Benefit
Mr Patrick Corr	100,000,000 Director Options	\$68,000
Mr Nader El Sayed	100,000,000 Director Options	\$68,000
Totals	200,000,000 Director Options	\$136,000

1. Issued for a deemed issue price of \$0.001
2. The valuation date was 26 August 2013.
- 2 The Black and Scholes option valuation methodology was used as the basis for the calculation.
3. The Share price as at the valuation date was \$0.001.
4. The risk free interest rate used was 3.2%.
5. A volatility factor of 117.4% was used.
6. There are no vesting conditions.
7. The expected dividend yield is 0%.
8. The value of each Director Option is \$0.00068
9. The value obtained via the Black and Scholes option valuation method is not the valuation that would be obtained pursuant to the relevant Australian tax legislation.

Directors' recommendation and basis of recommendation

Mr Alexander Hewlett, recommends that Shareholders vote in favour of Resolutions 13 and 14 on the basis that the issue Director Options to Mr Corr and Mr El Sayed incentivises them in line with the best interests of the Company. Mr Hewlett is not aware of any other information (other than as included in this Notice) that may be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 13 and 14.

Mr Corr and Mr El Sayed declined to make a recommendation to Shareholders in relation to Resolutions 13 and 14 due to their material personal interests in the outcome of those Resolutions.

14. RESOLUTION 15 – APPROVAL OF 10% PLACEMENT FACILITY

14.1 General

Listing Rule 7.1A 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 (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement 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 now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to 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 14.2(c) below).

The primary purpose for the 10% Placement Facility is to pursue possible future investment opportunities that may arise.

The Directors of the Company believe that Resolution 15 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

14.2 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.

(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 quoted Equity Securities, being Shares (having the ASX code MDS).

(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:

- (A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (B) plus the number of partly paid shares that became fully paid in the 12 months;
- (C) 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% placement capacity without shareholder approval;
- (D) less the number of fully paid shares cancelled in the 12 months.

Note that A is has the same meaning in Listing Rule 7.1 when calculating an entity's 15% 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 the 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 2,823,767,029 Shares and therefore has a capacity to issue:

- (i) 423,565,054 Equity Securities under Listing Rule 7.1; and
- (ii) subject to Shareholder approval being sought under Resolution 15, 282,376,702 Equity Securities 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 in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 14.2(c) above), and will change significantly if the Acquisitions are completed.

(e) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) 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**).

14.3 Listing Rule 7.1A

The effect of Resolution 15 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 15 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

14.4 Specific information required by Listing Rule 7.3A

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

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 15 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 below table. There is a risk that:
 - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table 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.

The table also shows:

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

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.0005 50% decrease in issue price	\$0.001 Issue price	\$0.002 100% increase in issue price
Current Variable "A" 2,823,767,029 Shares	10% voting dilution	282,376,702 Shares	282,376,702 Shares	282,376,702 Shares
	Funds raised	\$141,188	\$282,376	\$564,753
50% Increase in current Variable "A" 4,235,650,543	10% voting dilution	423,565,054 Shares	423,565,054 Shares	423,565,054 Shares
	Funds raised	\$211,782	\$423,565	\$847,130
100% Increase in current Variable "A" 5,647,534,058	10% voting dilution	564,753,405 Shares	564,753,405 Shares	564,753,405 Shares
	Funds raised	\$282,376	\$564,753	\$1,129,506

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- (ii) No Options (including any Options under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities.
- (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example at 10%.
- (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.
- (v) The table shows only the effect of the issue of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes the issue of 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.
- (vii) The Issue Price is \$0.001, being the closing price of Shares on ASX on the date of this Notice.
- (viii) The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or without approval under Listing Rule 7.1.

- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 15 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking)).

(d) The Company may seek to issue the Equity Securities for the following purposes:

- (i) non-cash consideration for the acquisition of the new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
- (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expense associated with such acquisition), continued exploration and feasibility study expenditure on the Company's current assets and/or general working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

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:

- (iii) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (iv) the effect of the issue of the Equity Securities on the control of the Company;
- (v) the financial situation and solvency of the Company; and
- (vi) 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 substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new assets or investments.

(e) The Company has obtained Shareholder approval under Listing Rule 7.1A at its 2012 Annual General Meeting.

The Company did not issued any Equity Securities under Listing Rule 7.1A during the preceding 12 months. During the preceding 12 month period a total of 2,297,919,377 Shares were issued, which based on the number of Shares currently on issue comprises 81.4% of the Company's Shares. Information relating to the issue of Equity Securities in the preceding 12 months is as follows:

Date of Appendix 3B	Number of Equity Securities	Class of Equity Securities and summary of terms	Names of recipients or basis on which recipients determined	Issue price of Equity Securities and discount to Market Price ¹ on the trading day prior to the issue	If issued for cash – the total consideration, what it was spent on and the intended use of any remaining funds If issued for non-cash consideration – a description of the consideration and the current value of the consideration
19/12/2012	10,969	Fully paid ordinary shares	Option holders exercising prior to expiry date	Issued at \$0.03 being the exercise price of the options. Market price on date prior to issue was \$0.0063	\$329.07 used for working capital
19/12/2012	15,516,618	Fully paid ordinary shares	Issued to related parties in settlement of debt	Issued at \$0.01 not discounted, market price on date prior to issue was \$0.0063	\$155,166.18 as settlement for loans. Based on the Share price at the date of this Notice (\$0.001), these Shares are valued at \$15,516.
6/06/2013	2,165,500,000	Fully paid ordinary shares	Rights issue to eligible shareholders	Issued at \$0.001. Market price on date prior to issue was \$0.001	\$2,165,500 for drilling program and continuing working capital. At the date of this notice, approximately \$130,000 for capital raising fees, \$122,000 in settlement of loans, \$378,000 on exploration activities and \$435,000 on administration and operating costs. The balance of \$1,100,000 remaining is anticipated to be spend on ongoing operating costs and exploration activities.
11/06/2013	66,000,000	Fully paid ordinary shares	Issued to creditor for services rendered	Issued at \$0.001. Market price on date prior to issue was \$0.001	\$66,000 in settlement of professional fees. Based on the Share price at the date of this Notice (\$0.001), these Shares are valued at \$66,000.
11/06/2013	50,891,790	Fully paid ordinary shares	Issued to related parties in settlement of debt	Issued at \$0.001. Market price on date prior to issue was \$0.001	\$50,891.79 in settlement of loans to the Company. Based on the Share price at the date of this Notice (\$0.001), these Shares are valued at \$50,891.

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

15. DEFINITIONS

In this Notice and Explanatory Memorandum:

“10% Placement Facility” has the meaning given to it in Section 14.1;

“10% Placement Period” has the meaning given to it in Section 14.2(f);

“Accounting Standards” means accounting standards approved under the Corporations Act and its requirements about the preparation and contents of accounts and in accordance with generally accepted accounting principles, policies, practices and procedures in Australia;

“Acquisitions” has the meaning contemplated by Section 6.1;

“Alternative Transaction Resolutions” means Resolutions 5, 6, 7 and 11;

“ASIC” means the Australian Securities and Investments Commission;

“ASX” means ASX Limited ACN 008 624 691;

“Board” means the board of Directors;

“Business Day” has the meaning given to it in the Listing Rules;

“Chairman” means the chairman of the Board;

“Company” means Midas Resources Limited (ACN 095 092 158);

“Completion” means completion of the Acquisitions as contemplated by the Sale and Purchase Agreement;

“Completion Date” means the date on which Completion occurs, which must be on or before 30 November 2013 (or such other date as agreed);

“Constitution” means the constitution of the Company;

“Convertible Notes” means convertible notes issued by the Company on the terms and conditions set out in Schedule 4;

“Corporations Act” means the Corporations Act 2001 (Cth);

“CPS” and **“CPS Capital Group Pty Ltd”** means CPS Capital Group Pty Ltd (AFSL Number 294848);

“Director” means a director of the Company;

“Director Options” means options to subscribe for Shares on the terms and conditions set out in Schedule 3;

“Elefantino Pty Ltd” and **“Elefantino”** means Elefantino Pty Ltd (ACN 133 139 661);

“Equity Securities” has the same meaning as in the Listing Rules;

“Existing Projects” has the meaning contemplated by Section 6.1;

“Explanatory Memorandum” means this Explanatory Memorandum;

“Hammer” and **“Hammer Metals Limited”** means Hammer Metals Limited (ACN 158 383 834);

“Hammer Option” means an option to acquire a Hammer Share and **“Hammer Optionholder”** has a corresponding meaning;

“Hammer Security” means a Hammer Share or Hammer Option (as the context requires) and **“Hammer Securityholder”** has a corresponding meaning;

“Hammer Share” means a fully paid ordinary share in the capital of Hammer and **“Hammer Shareholder”** has a corresponding meaning;

“Listing Rules” means the official listing rules of the ASX;

“MDM” and **“Mt Dockerell Mining Pty Ltd”** means (ACN 009 242 997);

“Notice” and **“Notice of Meeting”** means the notice of meeting to which this Explanatory Memorandum is attached;

“Offers” means the offers by the Company to Hammer Securityholders for the acquisition of the Hammer Securities;

“Official List” means the official list of ASX;

“Option” means an option to acquire one Share and **“Optionholder”** has a corresponding meaning;

“Preference Shares” means a share in the capital of the Company on the terms and conditions set out in Schedule 2;

“Projects” means the projects described in Section 6.4;

“Resolution” means a resolution set out in this Notice;

“Sale and Purchase Agreement” means the sale and purchase agreement summarised in Section 6.3;

“Santana” means Santana Minerals Limited (ACN 161 946 989);

“Schedule” means a schedule to this Notice and Explanatory Memorandum;

“Section” means a section of this Explanatory Memorandum;

“Share” means an ordinary fully paid ordinary share in the capital of the Company and **“Shareholder”** has a corresponding meaning;

“Trading Day” means a day determined by ASX to be a trading day in accordance with the Listing Rules;

“Transaction Resolutions” means Resolutions 5, 6, 7, 8, 9 and 10;

“VWAP” means volume weighted average price;

“WST” means Western Standard Time.

SCHEDULE 1 – PRO FORMA BALANCE SHEET

The unaudited balance sheet and the pro-forma balance sheet for the Company as at 31 July 2013 have been prepared on the accounting policies normally adopted by the Company to reflect the changes to its financial position. The historical and pro forma financial information is presented in abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements. They have been prepared on the assumption that all shares and options proposed to be issued as part of the Acquisitions are issued. The pro forma financial information assumes that the Acquisitions will be accounted for by the acquisition of the Hammer and MDM assets and liabilities by Midas, and the Transaction Resolutions are passed.

	The Company 31 July 2013 (Unaudited) \$	The Company 31 July 2013 (Unaudited pro forma) \$
Current Assets		
Cash and cash equivalents	1,349,554	1,489,272
Deposits	15,000	45,500
Trade and other receivables	15,349	27,126
Other financial assets	-	39,361
Total current assets	1,419,264	1,601,259
Non Current Assets		
Other financial assets	2	65,202
Plant & equipment	30,525	38,123
Exploration and evaluation expenditure	12,663,261	17,644,446
Other intangible assets	-	11,245
Total non current assets	12,693,788	17,756,016
Total Assets	14,113,052	19,360,275
Current Liabilities		
Trade and other payables	279,509	282,574
Interest bearing loans and borrowings	187,224	195,724
Provisions	114,429	114,429
Total current liabilities	581,162	592,727
Total Liabilities	581,162	592,727
Net Assets	13,531,890	18,767,548
Equity		
Issued capital	29,791,144	33,991,144
Reserves	113,772	1,149,430
Retained losses	(16,373,026)	(16,373,026)
Total equity attributable to equity holders of the parent	13,531,890	18,767,548
Total Equity	13,531,890	18,767,548

Note: In the event that the Alternative Transaction Resolutions are passed, and Acquisitions completed accordingly, the pro forma balance sheet is adjusted accordingly.

SCHEDULE 2 – TERMS AND CONDITIONS OF PREFERENCE SHARES

1. DEFINITIONS

In these terms and conditions:

“ASX” means Australian Stock Exchange Limited.

“Business Day” means a business day as defined in the Listing Rules.

“Company” means Midas Resources Limited (ACN 095 092 158).

“Corporations Act” means the Corporations Act 2001 (Cth).

“Directors” means the directors from time to time of the Company.

“Issue Price” means \$0.001.

“Listing Rules” means the official listing rules of the ASX, as amended or replaced from time to time.

“Preference Share” means a converting non-cumulative preference share as referred to in clause 2.

“Preference Shareholder” means the holder of a Preference Share.

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

“Shareholder” means the holder of a Share.

“Voting Power” has the meaning given to it in the Corporations Act.

2. TYPE AND PRICE

The Company may issue preference shares which will be known as “Preference Shares” each at the Issue Price and on the terms and conditions herein.

3. DIVIDEND

3.1 Preference Share dividend

Preference Shareholders are entitled to receive the dividend specified in this clause 3.

3.2 Dividend rate

The dividend is fixed at 5% of the Issue Price of each Preference Share.

3.3 Dividend entitlement

Preference Shareholders will be entitled to a dividend at any time that the Company declares a dividend to Shareholders.

3.4 Dividend date

Dividends shall be paid within 30 days after the Preference Shareholder becomes entitled to the dividend.

3.5 Method of payment

Dividends shall be deemed paid if paid by cheque or direct debit (or as soon as practicable after) the date determined by the Directors that is dividend is to be paid to the account or address nominated by the Preference Shareholder.

3.6 Preferential

Dividends on the Preference Shares will rank in priority to dividends on the Shares.

3.7 Non-Cumulative

Dividends on the Preference Shares will not be cumulative.

3.8 Pari Passu

Preference Shares shall rank pari passu in respect of dividends with all other Preference Shares.

4. REDEMPTION

The Preference Shares are not redeemable.

5. CONVERSION

5.1 Conversion

The Preference Shares will convert into Shares in accordance with this clause 5.

5.2 Conversion formula

The Preference Shares will automatically convert into Shares at such time as conversion of the Preference Shares would not result in the Preference Shareholder acquiring a Voting Power in the Company of greater than 19.9%. All of the Preference Shares can convert at the same time, or progressively subject to conversion of the number of Preference Shares being converted not resulting in the Preference Shareholder acquiring a Voting Power in the Company of greater than 19.9%. For example, if only 100 Preference Shares are able to convert to 100 Shares for the Preference Shareholder to acquire a Voting Power in the Company of not greater than 19.9%, only 100 Preference Shares will automatically convert into 100 Shares.

5.3 Statements

As soon as practicable after conversion of any Preference Shares, the Company will despatch statements or certificates in respect of the Shares issued as a result of conversion.

5.4 After conversion

The Shares issued on conversion of any Preference Shares will as and from 5.00pm (WST) on the date of allotment rank equally with and confer rights identical with the other Shares then on issue.

6. RECONSTRUCTION

In the event of any reconstruction, consolidation or division into (respectively) a lesser or greater number of securities of the Shares, the Preference Shares shall be reconstructed, consolidated or divided in the same proportion as the Shares are reconstructed, consolidated or divided and, in any event, in a manner which will not result in any additional benefits being conferred on the Preference Shareholders which are not conferred on the Shareholders.

7. WINDING UP

If the Company is wound up prior to conversion of all of the Preference Shares into Shares then the Preference Shareholders will have the right for each Preference Share held and not converted into Shares to be paid cash for the Issue Price and any arrears of dividends in priority to the Shareholders but will have no right to participate beyond the extent specified in this clause 7 in surplus assets or profits of the Company on winding up.

8. TRANSFERRABLE

The Preference Shares are transferrable.

9. COPIES OF NOTICES AND REPORT

The Preference Shareholders have the same rights as Shareholders to receive notices, reports and audited accounts and to attend general meetings of the Company but are only entitled to vote in the circumstances referred to in clause 10.

10. VOTING RIGHTS

10.1 The Preference Shareholders have no right to vote save for those circumstances listed in Listing Rule 6.3.

10.2 The Preference Shareholders who has the right to vote as contemplated by clause 10.1 is also conferred the rights under Listing Rule 6.4 and 6.5.

SCHEDULE 3 – TERMS AND CONDITIONS OF OPTIONS THE SUBJECT OF RESOLUTIONS 6, 7, 12, 13 AND 14

A summary of the terms and conditions of the Options the subject of Resolutions 6, 7, 12, 13 and 14 are set out below:

The Options entitle the holder to subscribe for Shares on the following terms:

- (a) Each Option entitles the holder to subscribe for and be allotted one Share at an exercise price of \$0.002.
- (b) The Options are exercisable at any time prior to 5.00 pm WST time on 30 June 2017 by notice in writing to the Company accompanied by payment of the exercise price.
- (c) Subject to the Corporations Act, the Listing Rules and the Company's Constitution, the Options are freely transferable.
- (d) Shares will be allotted and issued pursuant to the exercise of Options following receipt of a properly executed notice of exercise of the Options and payment of the requisite application monies.
- (e) Shares issued upon exercise of the Options will rank equally in all respects with the other quoted Shares then on issue. The Company will apply for official quotation by ASX of all Shares issued upon exercise of the Options, subject to the requirements of the Listing Rules.
- (f) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered or made to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes for determining entitlements to any such issue, the record date will be the date as is prescribed by the Listing Rules. This will give optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (g) In the event of any new or bonus issues, there are no rights to a change in the exercise price or the number of underlying securities over which the Options can be exercised.
- (h) In the event of any re-organisation (including a consolidation, sub-division, reduction or return) of the issued capital of the Company on or prior to the expiry date, the rights of the optionholder will be changed to the extent necessary to comply with the applicable Listing Rules at the time of re-organisation.
- (i) The Company will as required by the Listing Rules send notice to the optionholders stating the name of the optionholder, the number of the Options held and the number of Shares to be issued on exercise of the Options, the exercise price, the due date for payment, and the consequence of non-payment.

SCHEDULE 4 – SUMMARY OF THE TERMS AND CONDITIONS OF CONVERTIBLE NOTES

Issuer	The Company.
Face Value	Each Convertible Note has a face value of \$0.001
Repayment Date	24 months from the date of issue.
Security	The Convertible Notes are unsecured obligations of the Company.
Quotation	The Convertible Notes are not quoted on the ASX.
Conversion	The Convertible Notes, prior to the Repayment Date, automatically and progressively convert to Shares at the Conversion Price, subject to the satisfaction of the Conversion Condition. For example, if, subject to the Conversion Condition, the maximum number of Shares that may be issued pursuant to the conversion of the Convertible Notes at a particular time is 100, only 100 Shares will be automatically issued pursuant to conversion of the Convertible Notes at that time.
Conversion Price	\$0.001 per Share, subject to standard adjustment mechanisms for: (a) consolidations, subdivisions or other reclassifications of the Shares; and (b) any other event which would have an effect on the position of the Noteholders compared with the position of the holders of Shares.
Conversion Condition	The following, once satisfied, satisfies the Conversion Condition: (a) the issue of Shares as a result of the conversion of Convertible Notes not resulting in the Noteholder acquiring a Voting Power in the Company of greater than 19.9%; or (b) all requisite Shareholder approvals being obtained for the purposes of the Corporations Act and the Listing Rules, for the Noteholder to acquire a Voting Power in the Company of greater than 19.9%.
Transferability	The Convertible Notes are not transferrable.
Redemption	If not previously redeemed or converted, the remaining Convertible Notes will be redeemed on the Repayment Date: (a) at the election of the Company, by payment of cash by the Company reflecting the Face Value of the remaining Convertible Notes, together with the Coupon; or (b) at the election of the Company, subject to the satisfaction of the Conversion Condition, by the issue of Shares reflecting the Conversion Price of the remaining Convertible Notes.
Coupon	If all of the Convertible Notes are converted to Shares there will be no Coupon. If all or some of the Convertible Notes are repaid in cash on the Repayment Date then, in addition to the Face Value paid in cash, there will be a Coupon payable at the Coupon Rate on the Face Value of those Convertible Notes as calculated from the date issue of the Convertible Notes in cash.

Coupon Rate	10% per annum
Shares	Shares issued on conversion of the Convertible Notes will rank equally with existing Shares of the Company.
Voting	The Convertible Notes do not carry a right to vote at general meetings of the Company.
Participation Rights	The Convertible Notes do not carry participation rights with respect to bonus issues or rights issues.

MIDAS RESOURCES LIMITED
ACN 095 092 158
PROXY FORM

The Secretary
Midas Resources Limited
Suite 8, 7 The Esplanade,
Mount Pleasant, WA 6153

Fax Number: +61 8 9315 5475

I/We _____

of _____

being a shareholder/(s) of Midas Resources Limited hereby appoint _____

of _____

or failing him/her _____

of _____

or failing him/her the Chairman as my/our proxy to vote for me/us and on my/our behalf at the General Meeting of the Company to be held at 52 Ord Street, West Perth, Western Australia at 9.00am (WST) on Tuesday, 19 November 2012, and at any adjournment thereof in respect of []% of my/our shares or, failing any number being specified, **ALL** of my/our shares in the Company. If two proxies are appointed, the proportion of voting rights this proxy is authorised to exercise is []%. (An additional proxy form will be supplied by the Company on request.)

If you wish to indicate how your proxy is to vote, please tick the appropriate places below. If no indication is given on a Resolution, the proxy may abstain or vote at his or her discretion.

I/we direct my/our proxy to vote as indicated below:

		FOR	AGAINST	ABSTAIN
Resolution 1	Adoption of the Remuneration Report	☐	☐	☐
Resolution 2	Re-election of Mr Patrick John Corr as a Director	☐	☐	☐
Resolution 3	Re-election of Mr Alexander Hewlett as a Director	☐	☐	☐
Resolution 4	Re-election of Mr Nader El Sayed as a Director	☐	☐	☐
Resolution 5	Approval of significant change of activities	☐	☐	☐
Resolution 6	Issue of Securities to Unrelated Hammer Shareholders in consideration of the acquisition of Hammer Metals Limited	☐	☐	☐
Resolution 7	Issue of Securities to a related party in consideration of the acquisition of Hammer Metals Limited	☐	☐	☐
Resolution 8	Amendment to Constitution relating to Preference Shares	☐	☐	☐
Resolution 9	Approval of Preference Shares	☐	☐	☐
Resolution 10	Issue of Securities to Santana Minerals Limited in consideration of the acquisition of Mt Dockerell Mining Pty Ltd	☐	☐	☐

Resolution 11	Alternative issue of Securities to Santana Minerals Limited in consideration of the acquisition of Mt Dockerell Mining Pty Ltd	☐	☐	☐
Resolution 12	Issue of Options to CPS Capital Group Pty Ltd	☐	☐	☐
Resolution 13	Issue of Options to a Director – Mr Patrick John Corr	☐	☐	☐
Resolution 14	Issue of Options to a Director – Mr Nader El Sayed	☐	☐	☐
Resolution 15	Approval of 10% Placement Facility	☐	☐	☐

Proxies given by a natural person must be signed by each appointing shareholder or the shareholder's attorney duly authorised in writing. Proxies given by companies must be executed in accordance with section 127 of the Corporations Act or signed by the appointor's attorney duly authorised in writing. The Chairman intends to vote all undirected proxies in favour of each Resolution.

If the Chair of the Meeting is your nominated proxy, or may be appointed by default, ☐ and you do not wish to direct your proxy how to vote in respect of a Resolution, please place a mark in the box.

By marking this box, you acknowledge that the Chair of the Meeting may exercise your proxy even if he has an interest in the outcome of the Resolution and votes cast by him, other than as proxy holder, will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair of the Meeting will not cast your votes on the Resolution and your votes will not be counted in computing the required majority if a poll is called on the Resolution. The Chair of the Meeting intends to vote all undirected proxies in favour of all Transaction Resolutions, and if, the Transaction Resolutions are not all passed, in favour of all Alternative Transaction Resolutions. Unless you tick either the "for", "against" or "abstain" box, you will be authorising the Chair of the Meeting to vote in accordance with the Chairman's voting intentions on the Resolutions even if the Resolutions are connected directly or indirectly with the remuneration of a member of Key Management Personnel.

As witness my/our hand/s this day of 2013

If a natural person:

SIGNED by:

Signature

Signature (if joint holder)

If a company:

Executed in accordance with section 127 of the Corporations Act

Signature of Director

Signature of Director / Secretary