



REDSTONE RESOURCES LIMITED  
ABN: 42 090 169 154

NOTICE OF ANNUAL GENERAL MEETING  
AND  
EXPLANATORY MEMORANDUM

For the Annual General Meeting of the Shareholders  
of

Redstone Resources Limited

to be held on

Monday 28 November 2011 at 11.00am (WST) at

Country Women's Association WA (Inc) House

1176 Hay Street

(second building from Havelock Street)

West Perth, Western Australia

This Notice of Annual General Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

**REDSTONE RESOURCES LIMITED**  
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Notice is given that the Annual General Meeting (**AGM**) of Redstone Resources Limited (**the Company**) will be held at Country Women's Association of WA (Inc) House, 1176 Hay Street, West Perth Western Australia, at 11.00am Western Standard Time on Monday, 28 November 2011.

The attached Explanatory Memorandum is provided to supply Shareholders with information to enable them to make an informed decision regarding the resolutions set out in this Notice.

The Explanatory Memorandum is intended to be read in conjunction with and forms part of this Notice. Terms and abbreviations used in this Notice are defined in the Glossary contained in the Explanatory Memorandum.

**AGENDA**

**Financial Report**

To receive and consider the financial report of the Company and the reports of the Directors and auditors to the Company for the year ended 30 June 2011.

**Resolution 1 – Re-election of Mr Barry Woodhouse**

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

"That Mr Barry Woodhouse, being a Director who retires pursuant to the Constitution, and having offered himself for re-election and being eligible for re-election, is hereby re-elected as a Director."

**Resolution 2 – Re-election of Mr David Le Roy**

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

"That Mr David Le Roy, being a Director who retires pursuant to the Constitution, and having offered himself for re-election and being eligible for re-election, is hereby re-elected as a Director."

**Resolution 3 – Adoption of the Remuneration Report (Non-Binding)**

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

"That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval be given for adoption the Remuneration Report."

**Note:** This resolution shall be determined as if it were an ordinary resolution, albeit non-binding and advisory only. Under section 250R(3) of the Corporations Act the vote on Resolution 3 does not bind the Directors or the Company.

**Voting Exclusion**

The Company will disregard any votes cast on the Resolution 3 by or on behalf of a person who is disclosed in the Remuneration Report as one of the key management personnel of the Company (including Directors), or a closely related party of that person (as these persons are not entitled to vote on the resolution in their own capacity).

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.

As a result of recent amendments to the Corporations Act the chair of the Meeting will not vote undirected proxies on this resolution relating to the Remuneration Report. If you wish to appoint the chair of the Meeting as your proxy and wish to support this resolution, please mark 'For' on the Proxy Form.

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**Resolution 4 – Ratification and Approval of Previous Issue and Allotment of Class A and Class B Consultant Options**

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

“That for the purposes of ASX Listing Rules 7.1 and 7.4 and for all other purposes, the Shareholders hereby ratify and approve the issue and allotment by the Company of 750,000 Class A Consultant Options and 500,000 Class B Consultant Options to Mr Anthony Howland-Rose on the terms and conditions and in the manner described in the Explanatory Memorandum.”

**Voting Exclusion**

For the purposes of ASX Listing Rule 7.4, the Company will disregard any votes cast on this resolution by a person who participated in the issue and any associate of such a person.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**Resolution 5 – Ratification and Approval of Previous Issue and Allotment of Class B Consultant Options**

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

“That for the purposes of ASX Listing Rules 7.1 and 7.4 and for all other purposes, the Shareholders hereby ratify and approve the issue and allotment by the Company of 250,000 Class B Consultant Options to Mr Peter Burger on the terms and conditions and in the manner described in the Explanatory Memorandum.”

**Voting Exclusion**

For the purposes of ASX Listing Rule 7.4, the Company will disregard any votes cast on this resolution by a person who participated in the issue and any associate of such a person.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the 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.

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**Resolution 6 – Approval of Issue and Allotment of Options to Mr Barry Woodhouse, Director**

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

"That, for the purpose of Chapter 2E of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue and allot 500,000 Options to Mr Barry Woodhouse and/or his nominee(s) on the terms and conditions and in the manner set out in the Explanatory Memorandum."

**Voting Exclusion**

For the purposes of Chapter 2E.1 of the Corporations Act and ASX Listing Rule 10.11 the Company will disregard any votes cast on this Resolution 6 by Mr Woodhouse and/or his nominee(s) or any of his associates.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the 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.

The Company will also disregard any votes cast on Resolution 6 by or on behalf of a person who is disclosed in the Remuneration Report as one of the key management personnel of the Company (including Directors), or a closely related party of that person (as these persons are not entitled to vote on the resolution in their own capacity). The Company will also disregard a vote if it is cast by such a person as a proxy for a person who is entitled to vote where the proxy appointment does not specify the way the proxy is to vote on Resolution 6 unless:

- (a) the proxy is the Chair of the Meeting; and
- (b) the proxy appointment expressly authorises the Chair to exercise the proxy even if Resolution 6 is connected directly or indirectly with the remuneration of the key management personnel of the Company.

**Resolution 7 – Approval of Issue and Allotment of Options to Mr David Le Roy, Director**

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

"That, for the purpose of Chapter 2E of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue and allot 500,000 Options to Mr David Le Roy and/or his nominee(s) on the terms and conditions and in the manner set out in the Explanatory Memorandum."

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**Voting Exclusion**

For the purposes of Chapter 2E.1 of the Corporations Act and ASX Listing Rule 10.11 the Company will disregard any votes cast on this Resolution 7 by Mr Le Roy and/or his nominee(s) or any of his associates.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the 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.

The Company will also disregard any votes cast on Resolution 7 by or on behalf of a person who is disclosed in the Remuneration Report as one of the key management personnel of the Company (including Directors), or a closely related party of that person (as these persons are not entitled to vote on the resolution in their own capacity). The Company will also disregard a vote if it is cast by such a person as a proxy for a person who is entitled to vote where the proxy appointment does not specify the way the proxy is to vote on Resolution 7 unless:

- (a) the proxy is the Chair of the Meeting; and
- (b) the proxy appointment expressly authorises the Chair to exercise the proxy even if Resolution 7 is connected directly or indirectly with the remuneration of the key management personnel of the Company.

**Resolution 8 – Approval of Issue and Allotment of Options to Consultants**

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

"That, for the purpose of ASX Listing Rule 7.1 and all other purposes, the Company is authorised to issue and allot up to 1,000,000 Options to consultants of the Company for the purposes, on the terms and conditions and in the manner set out in the Explanatory Memorandum."

**Voting Exclusion**

For the purposes of ASX Listing Rule 7.1, the Company will disregard any votes cast on this resolution by a person who might obtain a benefit (other than a benefit solely in the capacity of a holder of ordinary shares) if the resolution is passed and any associate of such a person.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the 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.

**Other Business**

To deal with any other business that may be brought forward in accordance with the Constitution and the Corporations Act.

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## **EXPLANATORY MEMORANDUM**

Shareholders are referred to the Explanatory Memorandum accompanying and forming part of this Notice of Meeting.

## **Voting and Proxies**

### **Voting Entitlements**

The Company has determined, in accordance with regulation 7.11.37 of the Corporations Regulations 2001 (Cth), that the Shares quoted on the Australian Stock Exchange Limited at the end of day on 26 November 2011 shall be taken, for the purposes of the Annual General Meeting, to be held by the persons who held them at that time. Accordingly, those persons are entitled to attend and vote (if not excluded) at the Meeting.

### **Proxies**

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

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

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

A member that 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 no proportion or number is specified, each proxy may exercise half of the Shareholder's votes.

A proxy form accompanies this Notice and to be effective the proxy form and the power of attorney or other authority (if any) under which it is signed (or a certified copy) must be received by the Company no later than 48 hours before the commencement of the Meeting, at:

- Redstone Resources Limited registered office, Suite 3 110-116 East Parade, East Perth WA 6004; or
- by facsimile to the Company on facsimile number (08) 9328 2660 (International: + (61 8) 9328 2660);
- by post to Redstone Resources Limited, PO Box 8646, Perth Business Centre, Western Australia, 6849; or
- return the proxy form to the offices of the Share Registry: Advanced Share Registry, PO Box 1156 Nedlands, WA 6909.

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Proxies must be received by the Company no later than 48 hours prior to the commencement of the Meeting. Any proxy form received after that time will not be valid for the Meeting.

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

With the exception of proxies in respect of Resolution 3 (adoption of the remuneration report) proxies appointing the chair of the Meeting which do not specify the way in which the proxy is to vote on a particular resolution will be recorded as voting in favour of the resolutions (subject to the other provisions of these notes on Proxies and any required voting exclusions including those in the Notice) as this is the chair's voting intention.

Proxies appointing the chair of the meeting which do not specify the way in which the proxy is to vote on Resolution 3 (adoption of the remuneration report) will be recorded as abstaining from voting on that resolution.

The **enclosed** proxy form provides further details on appointing proxies and lodging proxy forms.

**BY ORDER OF THE BOARD OF DIRECTORS**



**Miranda Conti**  
COMPANY SECRETARY  
REDSTONE RESOURCES LIMITED

Dated this 26<sup>th</sup> day of October 2011

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**EXPLANATORY MEMORANDUM**

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This Explanatory Memorandum and all attachments are important documents. They should be read carefully.

If you have any questions regarding the matters set out in this Explanatory Memorandum or the preceding Notice, please contact the Company, your stockbroker or other professional advisor.

**General Information**

This Explanatory Memorandum has been prepared to assist Shareholders to understand the business to be put to Shareholders at the forthcoming Annual General Meeting to be held on 28 November 2011.

The purpose of the Explanatory Memorandum is to provide Shareholders with information that the Board believes to be material to Shareholders in deciding whether or not to approve the above resolutions in the Notice (of which this Explanatory Memorandum forms a part).

**AGENDA**

**Financial Report**

The Corporations Act requires:

- the reports of the Directors and auditors; and
- the annual financial report, including the financial statements of the Company for the year ended 30 June 2011,

to be laid before the Annual General Meeting. Neither the Corporations Act nor the Constitution requires a vote of Shareholders on the reports or statements. However, Shareholders at the Meeting will be given reasonable opportunity to raise questions or comments.

Reasonable opportunity will also be given to Shareholders at the Meeting to ask the Company's auditor questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

**Resolutions 1 & 2 - Re-election of Messrs Barry Woodhouse and David Le Roy**

Rule 8.1(d) of the Constitution requires that at every annual general meeting of the Company, one third of Directors (after excluding a Director who is the Managing Director or any Director appointed by the Board since the date of the last annual general meeting of the Company), or if this number of Directors is 5 or less, then 2 of the remaining Directors, must retire from office and if eligible seek re-election in accordance with Rule 8.1(i) of the Constitution.

Accordingly, Messrs Woodhouse and Le Roy retire by rotation and offer themselves for re-election.

The experience, qualifications and other information about Messrs Woodhouse and Le Roy can be found in the Company's 2011 Annual Report.

**The Directors (excluding Mr Woodhouse) recommend that Shareholders vote in favour of Resolution 1.**

**The Directors (excluding Mr Le Roy) recommend that Shareholders vote in favour of Resolution 2.**



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**Resolution 3 - Adoption of the Remuneration Report (Non-Binding)**

As required by section 250R of the Corporations Act, a resolution that the Remuneration Report be adopted is put to vote.

The Remuneration Report is set out on pages 15 to 18 of the Annual Report. The vote on this item is advisory only and does not bind the Directors or the Company, however the Company will take the outcome into consideration when reviewing remuneration practices and policies. There will be reasonable opportunity for Shareholders to comment on and ask questions about the Remuneration.

**The Directors recommend that Shareholders vote in favour of Resolution 3.**

**Resolution 4: Ratification and Approval of Previous Issue and Allotment of Class A Consultant Options and Class B Consultant Options**

**Background**

On 7 July 2011 the Company issued 750,000 Class A Consultant Options and 500,000 Class B Consultant Options to Mr Anthony Howland-Rose, who is a consultant to the Company, for no consideration. Each Class A Consultant Option entitles the holder on exercise to acquire one Share at an exercise price of \$0.35 each, on or before 6 July 2015 and each Class B Consultant Option entitles the holder on exercise to acquire one Share at an exercise price of \$0.45 each, on or before 6 July 2015. This issue was made in accordance with Listing Rule 7.1 which permits a company to issue up to 15% of its issued capital without shareholder approval. Mr Howland-Rose is not a related party of the Company.

**ASX Listing Rule 7.4**

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, equity securities (which include options) that exceed 15% of the total number of ordinary securities on issue in any 12 month period, unless approval is obtained from the holders of the company's ordinary securities.

ASX Listing Rule 7.4 provides that the approval of holders of the company's ordinary shares may be obtained after the issue of equity securities. The effect of such ratification is to restore the company's discretionary power to issue further equity securities up to 15% of the number of ordinary shares on issue at the beginning of the relevant 12 month period without obtaining shareholder approval.

Whilst the outcome of Resolution 4 will have no effect on the issue of the Class A Consultant Options and Class B Consultant Options to Mr Howland-Rose, the approval of Resolution 4 will enable the Company at any time during the next 12 months to issue equity securities up to the 15% threshold set out in ASX Listing Rule 7.1 without the Class A Consultant Options and Class B Consultant Options described below the subject of Resolution 4 counting towards that 15% threshold.

Resolution 4 seeks Shareholder ratification of the prior issue and allotment of these 750,000 Class A Consultant Options and 500,000 Class B Consultant Options for the purposes of ASX Listing Rule 7.4 and for all other purposes.

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**ASX Listing Rule 7.5 Disclosure Requirements**

The following information is provided in accordance with ASX Listing Rule 7.5:

- (a) A total of 750,000 Class A Consultant Options and 500,000 Class B Consultant Options were issued and allotted.
- (b) The Class A Consultant Options and Class B Consultant Options were issued for no consideration. The Class A Consultant Options are exercisable at \$0.35 each any time on or before 6 July 2015. The Class B Consultant Options are exercisable at \$0.45 each any time on or before 6 July 2015.
- (c) The Class A Consultant Options are unlisted and are subject to the terms and conditions set out in Annexure A. The Class B Consultant Options are unlisted and are subject to the terms and conditions set out in Annexure B.
- (d) The 750,000 Class A Consultant Options and 500,000 Class B Consultant Options were issued to Mr Anthony Howland-Rose, who is a key strategic consultant to the Company.
- (e) No funds were raised from the issue of the Class A Consultant Options and Class B Consultant Options. In the event the Class A Consultant Options and Class B Consultant Options are exercised in due course the funds raised will be applied for general working capital.

**The Directors recommend that Shareholders vote in favour of Resolution 4 as it allows the Company to ratify the above issue of Class A Consultant Options and Class B Consultant Options and retain the flexibility to issue further securities representing up to 15% of the Company's total number of ordinary shares on issue during the next 12 months without Shareholder approval.**

**Resolution 5: Ratification and Approval of Previous Issue and Allotment of Class B Consultant Options**

**Background**

On 7 July 2011 the Company issued 250,000 Class B Consultant Options to Mr Peter Burger, who is a consultant to the Company, for no consideration. The Class B Consultant Options entitles the holder on exercise to acquire one Share at an exercise price of \$0.45 each, on or before 6 July 2015. This issue was made in accordance with Listing Rule 7.1 which permits a company to issue up to 15% of its issued capital without shareholder approval. Mr Burger is not a related party of the Company.

**ASX Listing Rule 7.4**

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, equity securities (which include options) that exceed 15% of the total number of ordinary securities on issue in any 12 month period, unless approval is obtained from the holders of the company's ordinary securities.

ASX Listing Rule 7.4 provides that the approval of holders of the company's ordinary shares may be obtained after the issue of equity securities. The effect of such ratification is to restore the company's discretionary power to issue further equity securities up to 15% of the number of ordinary shares on issue at the beginning of the relevant 12 month period without obtaining shareholder approval.

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Whilst the outcome of Resolution 5 will have no effect on the issue of the Class B Consultant Options to Mr Burger, the approval of Resolution 5 will enable the Company at any time during the next 12 months to issue equity securities up to the 15% threshold set out in ASX Listing Rule 7.1 without the Class B Consultant Options described below the subject of Resolution 5 counting towards that 15% threshold.

Resolution 5 seeks Shareholder ratification of the prior issue and allotment of these 250,000 Class B Consultant Options for the purposes of ASX Listing Rule 7.4 and for all other purposes.

**ASX Listing Rule 7.5 Disclosure Requirements**

The following information is provided in accordance with ASX Listing Rule 7.5:

- (a) A total of 250,000 Class B Consultant Options were issued and allotted.
- (b) The Class B Consultant Options were issued for no consideration. The Class B Consultant Options are exercisable at \$0.45 each any time on or before 6 July 2015.
- (c) The Class B Consultant Options are unlisted and are subject to the terms and conditions set out in Annexure B.
- (d) The Class B Consultant Options were issued to Mr Peter Burger, who is a geological consultant to the Company.
- (e) No funds were raised from the issue of the Class B Consultant Options. In the event the Class B Consultant Options are exercised in due course the funds raised will be applied for general working capital.

**The Directors recommend that Shareholders vote in favour of Resolution 5 as it allows the Company to ratify the above issue of Class B Consultant Options and retain the flexibility to issue further securities representing up to 15% of the Company's total number of ordinary shares on issue during the next 12 months without Shareholder approval.**

**Resolutions 6 and 7 – Approval of Issue and Allotment of Options to Directors**

**General**

The Board has resolved, subject to obtaining Shareholder approval, to issue and allot 500,000 Options each to Mr Barry Woodhouse (and/or his nominee(s)) and to Mr David Le Roy (and/or his nominee(s)) on the terms and conditions set out below.

**Corporation Act and ASX Listing Rules Requirements**

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. In particular section 208 of the Corporations Act prohibits, subject to specified exceptions, a company giving a financial benefit to a related party of the company without prior shareholder approval.

A "financial benefit" is defined in the Corporations Act in broad terms and includes a public company issuing shares, options and other securities.

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

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

In addition, ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in the ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

The grant of Options to Messrs Woodhouse and Le Roy requires the Company to obtain Shareholder approval because the grant of the Options constitutes a financial benefit and as Directors, Messrs Woodhouse and Le Roy are related parties of the Company.

It is the view of the Directors that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly Shareholder approval is sought for the grant of Options to Messrs Woodhouse and Le Roy.

Pursuant to the exception in Listing Rule 7.1(14), approval under Listing Rule 7.1 is not required in order to issue the Options to Messrs Woodhouse and Le Roy as approval is being obtained under Listing Rule 10.11.

Accordingly, the issue of Options to Messrs Woodhouse and Le Roy will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

**Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 Disclosure Requirements**

Pursuant to and in accordance with the requirements of Sections 217 to 227 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Options:

- (a) The related parties are Mr Woodhouse (and/or his nominee(s)) and Mr Le Roy (and/or his nominee(s)), by virtue of their being Directors.
- (b) The maximum number of Options being granted to Mr Woodhouse (and/or his nominee(s)) is 500,000 and to Mr Le Roy (and/or his nominee(s)) is 500,000.
- (c) The Options will be granted to Messrs Woodhouse and Le Roy no later than one month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules).
- (d) The Options will be issued for nil consideration as they being issued for the purpose set out in (l) below and accordingly no funds will be raised.
- (e) The exercise price of each Option will be the Closing Price plus a premium of 30%. Assuming the Closing Price of \$0.30 as at 14 October 2011 the exercise price would be \$0.39.

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- (f) The terms and conditions of the Options are set out in Annexure C.
- (g) The value of the Options and the pricing methodology is set out below under the heading 'Valuation of Options'.
- (h) The relevant interests of Messrs Woodhouse and Le Roy in securities of the Company, as at the date of this Notice, are:

|              | Ordinary Shares | Unlisted Options                                                                                                                                                      |
|--------------|-----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mr Woodhouse | Nil             | 300,000 options exercisable at \$0.50 any time on or before 1 December 2013.                                                                                          |
| Mr Le Roy    | 600,000         | 200,000 options exercisable at \$0.50 any time on or before 1 December 2013; and<br><br>100,000 options exercisable at 0\$.25 any time on or before 30 November 2012. |

- (i) The remuneration and emoluments (including superannuation) from the Company to Messrs Woodhouse and Le Roy and/or their nominee(s) for the current financial year are \$36,000 per annum each. During the previous financial year the remuneration and emoluments (including superannuation) from the Company to Messrs Woodhouse and Le Roy was \$30,000 directors fees each and a further \$39,780 and \$26,520 respectively, relating to the value of share options granted.
- (j) If the Options granted to Messrs Woodhouse and Le Roy and/or their nominee(s) are exercised a total of 1,000,000 Shares would be allotted and issued. This will increase the number of Shares on issue from 129,969,390 to 130,969,390 (assuming that no other Options are exercised and no other Shares are issued except Shares issued upon exercise of the Options) with the effect that the shareholding of existing Shareholders would be diluted by 0.76%.

The market price for Shares during the term of the Options would normally determine whether or not the Options are exercised. If, at any time any of the Options are exercised the Shares are trading on ASX at a price that is higher than the exercise price of the Options, there may be a perceived cost to the Company.

- (k) The following table gives details of the highest, lowest and the latest closing price of the Company's shares trading on the ASX over the last 12 months.

|               | Date             | Closing Price |
|---------------|------------------|---------------|
| Highest Price | 16 February 2011 | \$0.635       |
| Lowest Price  | 16 June 2011     | \$0.19        |
| Latest Price  | 14 October 2011  | \$0.30        |

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- (l) The primary purpose of the grant of Options to Messrs Woodhouse and Le Roy and/or their nominee(s) is to provide a market linked incentive package in their capacity as Directors and for the future performance by them. The Board considered the extensive corporate and exploration industry experience of Messrs Woodhouse and Le Roy and the current market price of the Shares when determining the number and exercise price of the Options to be put before the Shareholders for their approval. In addition the Board considers the proposed grant of the Options to be put before the Shareholders to be reasonable and commercial in light of the circumstances of the Company given its size and stage of development, market practice of other companies in the mineral exploration and development industry and given the necessity to attract and retain the highest calibre of skilled professionals to the Company whilst maintaining the Company's cash reserves. Accounting standards require that granted options be valued and expensed. The Board does not consider that there are otherwise any significant opportunity costs to the Company or benefits foregone by the Company in the proposed issue of the Options upon the terms proposed to the Shareholders for their approval.
- (m) The Board acknowledges the grant of Options to Messrs Woodhouse and Le Roy and/or their nominee(s) is contrary to Recommendation 8.3 of the ASX Corporate Governance Principles and Recommendations. However the Board considers the grants to Messrs Woodhouse and Le Roy are reasonable in the circumstances for the reasons set out in paragraph (l) above.

**Valuation of Options**

- (a) The Options to be issued and allotted to Messrs Woodhouse and Le Roy pursuant to Resolutions 6 and 7 have been independently valued.

The intended grant date of the Options is a future date yet to be decided though expected to be on 28 November 2011 or thereafter. However, since the actual share price is not known, for the purposes of the valuation, the Options have been valued as though granted on 14 October 2011. The Options have been valued using market data current at that time. Accordingly the actual exercise price (and also the value of the Options as at the date of issue) could vary having regard to the fluctuations in the market price of the Shares between the date of this Notice and the date upon which the Options are offered to Messrs Woodhouse and Le Roy following the Annual General Meeting in which case the valuation of the Options may vary.

- (b) Using the theoretical Black-Scholes Option Pricing Model and based on the assumptions set out below, the Options were ascribed a value range as follows:

**REDSTONE RESOURCES LIMITED**  
**ABN 42 090 169 154**

**EXPLANATORY MEMORANDUM**

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|                                                |                         |
|------------------------------------------------|-------------------------|
| <b>Assumptions:</b>                            |                         |
| Valuation date                                 | 14 October 2011         |
| Closing Market price of Shares                 | \$0.30                  |
| Option Exercise Price (Closing Price plus 30%) | \$0.39                  |
| Option Expiry Date                             | 3 years from grant date |
| Risk Free Interest Rate                        | 4.06%                   |
| Volatility (Average)                           | 95%                     |
| <b>Indicative value per Option</b>             | <b>\$0.168</b>          |
| <b>Total Value of Options</b>                  | <b>\$168,000</b>        |

Note: The valuation ranges noted above are not necessarily the market prices that the Options could be traded at and they are not automatically the market prices for taxation purposes.

- Note 1: The underlying share spot price used for the purpose of the valuation is based on the price as at 14 October 2011.
- Note 2: No dividends are expected to be paid during the life of the Options.
- Note 3: The risk free rate is the Australian Government 5 year bond rate at 14 October 2011.
- Note 4: The volatility was estimated from the Company's average historical trading volatility.
- Note 5: The expiry date of the Options is 3 years from date of grant. The life of the Options is therefore 3 years.

**Mr Barry Woodhouse declines to make a recommendation to Shareholders in relation to Resolution 6 due to his material personal interest in the outcome of the Resolution.**

**The other Directors (excluding Mr Woodhouse) recommend that, for the reasons set out in paragraph (I) above, Shareholders vote in favour of Resolution 6.**

**Mr David Le Roy declines to make a recommendation to Shareholders in relation to Resolution 7 due to his material personal interest in the outcome of the Resolution.**

**The other Directors (excluding Mr Le Roy) recommend that, for the reasons set out in paragraph (I) above, Shareholders vote in favour of Resolution 7.**

### **Resolution 8 – Approval of Issue and Allotment of Options to Consultants**

#### **Background**

The Company is actively engaged in seeking and maintaining professional, corporate and exploration resources which have the potential to increase Shareholder value. It is therefore part of the Company's strategy to offer to consultants incentives to secure such resources. For this reason the Company seeks approval to issue up to 1,000,000 Options to consultants of the Company.

**REDSTONE RESOURCES LIMITED**  
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**ASX Listing Rule 7.3 Disclosure Requirements**

The following information is provided in accordance with ASX Listing Rule 7.3:

- (a) The maximum number of securities to be issued is 1,000,000.
- (b) The Options will be issued no later than 3 months after the date of the Meeting, or such later date as may be approved by ASX.
- (c) The Options will be issued for no cash consideration.
- (d) The names of the current allottees of the Options are currently unknown and will be chosen at the discretion of the Directors, but will not be related parties or their associates.
- (e) The Options will be issued on the terms and conditions and at the time set out in Annexure C.
- (f) No funds will be raised from the issue of the Options.
- (g) The Options will be allotted progressively.

**The Directors recommend that Shareholders vote in favour of Resolution 8 as it will allow the Company greater flexibility to issue further securities which could assist the Company to raise capital and to preserve cash reserves.**

**Enquiries**

Shareholders are invited to contact the Company Secretary, Miranda Conti on (08) 9328 2552 if they have any queries in respect of the matters set out in this Notice.



**REDSTONE RESOURCES LIMITED**  
**ABN 42 090 169 154**

**EXPLANATORY MEMORANDUM**

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**GLOSSARY**

In this Explanatory Memorandum and Notice of Annual General Meeting:

**Annual Report** means the annual report of the Company including the reports of the Directors and auditor and the financial statements of the Company for the year ended 30 June 2011.

**ASX** means ASX Limited (ACN 008 624 691) and the market operated by it, as the context requires.

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

**Board** means the board of Directors.

**Company** means Redstone Resources Limited (ABN 42 090 169 154).

**Constitution** means the constitution of the Company.

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

**Class A Consultant Option** means an option to acquire a Share on the terms and conditions set out in Annexure A.

**Class B Consultant Option** means an option to acquire a Share on the terms and conditions set out in Annexure B.

**Closely Related Party** is defined in respect of a member of Key Management Personnel as:

- a spouse or child of the member;
- a child or spouse of the member's spouse;
- a dependent of the member or the member's spouse;
- anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company;
- a company the member controls; or
- a person prescribed by regulations that may be made for this purpose.

**Closing Price** means the closing sale price of the Shares recorded on the stock market of the ASX on the day immediately preceding the day of the Meeting that the shareholders resolve to give approval for the Company to issue and allot the Options pursuant to Resolutions 6 through to 8 of this Notice.

**REDSTONE RESOURCES LIMITED**  
**ABN 42 090 169 154**  
**EXPLANATORY MEMORANDUM**

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**GLOSSARY (continued)**

**Director** means a director of the Company.

**Explanatory Memorandum** means the explanatory memorandum that accompanies and forms part of the Notice.

**Key Management Personnel** has the meaning given in the accounting standards and broadly means those persons with the authority and responsibility for planning, directing and controlling the activities of the Company, and includes any Director.

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

**Notice** or **Notice of Meeting** means the notice of Annual General Meeting accompanying this Explanatory Memorandum.

**Option** means an option to acquire a Share on the terms and conditions set out in Annexure C.

**Remuneration Report** means that section of the Directors' report contained in the Annual Report, under the heading 'Remuneration Report', prepared in accordance with Section 300A of the Corporations Act.

**Resolution** means a resolution contained in the Notice.

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

**Shareholder** means the holder of a Share.

**WST** means Western Standard Time.

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**ABN 42 090 169 154**

**EXPLANATORY MEMORANDUM**

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**Annexure A – Terms and Conditions of Class A Consultant Options**

Each Class A Consultant Option entitles the holder to subscribe for Shares on the following terms and conditions:

**1. Entitlement**

Each Class A Consultant Option entitles the holder to subscribe for one Share upon exercise of each Class A Consultant Option.

**2. Exercise Price**

The exercise price of the Class A Consultant Options is \$0.35.

**3. Expiry Date**

Each Class A Consultant Option has an expiry date being 4 years from the date of grant, being 6 July 2015.

**4. Exercise Period**

Each Class A Consultant Option is exercisable at any time on or before the date being four years from the date of grant, being 6 July 2015.

**5. Notice of Exercise**

Each Class A Consultant Option may be exercised by notice in writing to the Company. Any notice of exercise of Class A Consultant Options received by the Company will be deemed to be a notice of the exercise of the Class A Consultant Option as at the date of receipt.

**6. Timing of issue of Shares**

After a Class A Consultant Option is validly exercised, the Company must as soon as possible:

- (a) issue and allot the Share; and
- (b) do all such acts matters and things to obtain the grant of quotation for the Share on ASX no later than 5 days from the date of exercise of the Class A Consultant Option.

**7. Shares issued on exercise**

Shares issued on exercise of the Class A Consultant Options rank equally with the then shares of the Company.

**8. Quotation of Shares on exercise**

Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Class A Consultant Options.

**9. Participation in new issues**

There are no participation rights or entitlements inherent in the Class A Consultant Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Class A Consultant Options.

However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give holders of Class A Consultant Options the opportunity to exercise their Class A Consultant Options prior to the date for determining entitlements to participate in any such issue.

**REDSTONE RESOURCES LIMITED**  
**ABN 42 090 169 154**

**EXPLANATORY MEMORANDUM**

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**10. Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of a Class A Consultant Option will be increased by the number of Shares which the Class A Consultant Option holder would have received if the Class A Consultant Option holder had exercised the Class A Consultant Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

**11. Adjustment for rights issue**

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of a Class A Consultant Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E[P - (S + D)]}{N + 1}$$

- O = the old Exercise Price of the Class A Consultant Option.
- E = the number of underlying Shares into which one Class A Consultant Option is exercisable.
- P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.
- S = the subscription price of a Share under the pro rata issue.
- D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).
- N = the number of Shares with rights or entitlements that must be held to receive a right to one new share.

**12. Adjustments for reorganisation**

If there is any reconstruction of the issued share capital of the Company, the rights of the Class A Consultant Option holders will be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction.

**13. Lodgement Instructions**

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for shares on exercise of the options with the appropriate remittance should be lodged with the Company Secretary, at the Company's registered office.

**REDSTONE RESOURCES LIMITED**  
**ABN 42 090 169 154**

**EXPLANATORY MEMORANDUM**

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**Annexure B – Terms and Conditions of Class B Consultant Options**

Each Class B Consultant Option entitles the holder to subscribe for Shares on the following terms and conditions:

**1. Entitlement**

Each Class B Consultant Option entitles the holder to subscribe for one Share upon exercise of each Class B Consultant Option.

**2. Exercise Price**

The exercise price of the Class B Consultant Options is \$0.45.

**3. Expiry Date**

Each Class B Consultant Option has an expiry date being 4 years from the date of grant, being 6 July 2015.

**4. Exercise Period**

Each Class B Consultant Option is exercisable at any time on or before the date being four years from the date of grant, being 6 July 2015.

**5. Notice of Exercise**

Each Class B Consultant Option may be exercised by notice in writing to the Company. Any notice of exercise of Class B Consultant Options received by the Company will be deemed to be a notice of the exercise of the Class B Consultant Option as at the date of receipt.

**6. Timing of issue of Shares**

After a Class B Consultant Option is validly exercised, the Company must as soon as possible:

- (a) issue and allot the Share; and
- (b) do all such acts matters and things to obtain the grant of quotation for the Share on ASX no later than 5 days from the date of exercise of the Class B Consultant Option.

**7. Shares issued on exercise**

Shares issued on exercise of the Class B Consultant Options rank equally with the then shares of the Company.

**8. Quotation of Shares on exercise**

Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Class B Consultant Options.

**9. Participation in new issues**

There are no participation rights or entitlements inherent in the Class B Consultant Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Class B Consultant Options.

However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give holders of Class B Consultant Options the opportunity to exercise their Class B Consultant Options prior to the date for determining entitlements to participate in any such issue.

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**ABN 42 090 169 154**

**EXPLANATORY MEMORANDUM**

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**10. Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of a Class B Consultant Option will be increased by the number of Shares which the Class B Consultant Option holder would have received if the Class B Consultant Option holder had exercised the Class B Consultant Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

**11. Adjustment for rights issue**

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of a Class B Consultant Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E[P - (S + D)]}{N + 1}$$

- O = the old Exercise Price of the Class B Consultant Option.
- E = the number of underlying Shares into which one Class B Consultant Option is exercisable.
- P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.
- S = the subscription price of a Share under the pro rata issue.
- D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).
- N = the number of Shares with rights or entitlements that must be held to receive a right to one new share.

**12. Adjustments for reorganisation**

If there is any reconstruction of the issued share capital of the Company, the rights of the Class B Consultant Option holders will be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction.

**13. Lodgement Instructions**

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for shares on exercise of the options with the appropriate remittance should be lodged with the Company Secretary, at the Company's registered office.

**REDSTONE RESOURCES LIMITED**  
**ABN 42 090 169 154**

**EXPLANATORY MEMORANDUM**

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**Annexure C – Terms and Conditions of Options**

Each Option entitles the holder to subscribe for Shares on the following terms and conditions:

**1. Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of each Option.

**2. Exercise Price**

The exercise price of each Option will be the Closing Price plus a premium of 30%.

**3. Expiry Date**

Each Option has an expiry date being 3 years from the date of grant.

**4. Exercise Period**

Each Option is exercisable at any time on or before the date being three years from the date of grant.

**5. Notice of Exercise**

Each Option may be exercised by notice in writing to the Company. Any notice of exercise of Options received by the Company will be deemed to be a notice of the exercise of the Option as at the date of receipt.

**6. Timing of issue of Shares**

After an Option is validly exercised, the Company must as soon as possible:

- (a) issue and allot the Share; and
- (b) do all such acts matters and things to obtain the grant of quotation for the Share on ASX no later than 5 days from the date of exercise of the Option.

**7. Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then shares of the Company.

**8. Quotation of Shares on exercise**

Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Options.

**9. Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.

However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

**REDSTONE RESOURCES LIMITED**  
**ABN 42 090 169 154**

**EXPLANATORY MEMORANDUM**

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**10. Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of a Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

**11. Adjustment for rights issue**

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of a Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E[P - (S + D)]}{N + 1}$$

O = the old Exercise Price of the Option.

E = the number of underlying Shares into which one Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one new share.

**12. Adjustments for reorganisation**

If there is any reconstruction of the issued share capital of the Company, the rights of the Optionholders will be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction.

**13. Lodgement Instructions**

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for shares on exercise of the options with the appropriate remittance should be lodged with the Company Secretary, at the Company's registered office.



# Proxy Form

**Redstone Resources Limited**  
ACN 090 169 154 (Company)

**All correspondence to:**  
**Redstone Resources Limited**  
**Suite 3, 110 - 116 East Parade**  
**East Perth WA 6004**  
**Phone +61 8 9328 2552**  
**Fax +61 8 9328 2660**

I/We \_\_\_\_\_  
(name of Shareholder)

of \_\_\_\_\_  
(address of Shareholder)

being a Shareholder/Shareholders of the Company and entitled to attend and vote hereby appoint:

☐

The chair of the Annual  
General Meeting  
(mark with an 'X')

OR

☐

Insert name of person that you are appointing  
if that person is **someone other than** the  
chair of the Annual General Meeting

or failing the person named, or if no person is named, the chair of the Annual General Meeting as my/our proxy to act generally at the meeting on my /our behalf and to vote in accordance with in accordance with following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **The Country Women's Association WA (Inc) House, 1176 Hay Street, West Perth, Western Australia** on **28 November 2011** at **11.00 am Western Standard Time (WST)** and at any adjournment of that Meeting.

**Chair to vote undirected proxies in favour (except Resolution 3):** The chair of the Annual General Meeting intends to vote **in favour** of Resolutions 2 to 5 inclusive in relation to undirected proxies but will abstain from voting on Resolution 3 in relation to any undirected proxies.

**Chair authorised to exercise proxies on remuneration related matter in Resolutions 6 and 7:** If I/we have appointed the chair of the Annual General Meeting as my/our proxy (or the chair of the Annual General Meeting becomes my/our proxy by default), I/we expressly authorise the chair of the Annual General Meeting to exercise my/our proxy in respect of Resolutions 6 and 7 even though the chair is, and that item is connected directly or indirectly with the remuneration of, a member of key management personnel for the Company. For Resolutions 6 and 7 this authority is also subject to me/us marking the box in the section immediately below the voting directions for Resolutions 1 to 8.

## VOTING DIRECTIONS TO YOUR PROXY

(Please mark 'X' to indicate your directions if you wish to direct the proxy how to vote)

Resolution 1 Re-election of Mr Barry Woodhouse

Resolution 2 Re-election of Mr Mr David Le Roy

Resolution 3 Adoption of Remuneration Report

Resolution 4 Ratification and Approval of Previous Issue and Allotment of Class A Options and  
Class B Consultant Options

Resolution 5 Ratification and Approval of Previous Issue and Allotment of Class B Options

Resolution 6 Approval of Issue and Allotment of Options to Mr Barry Woodhouse, Director

Resolution 7 Approval of Issue and Allotment of Options to Mr David Le Roy, Director

Resolution 8 Approval of Issue and Allotment of Options to Consultants

**For Against Abstain\***

☐ ☐ ☐☐ ☐ ☐☐ ☐ ☐☐ ☐ ☐☐ ☐ ☐☐ ☐ ☐☐ ☐ ☐☐ ☐ ☐

\*If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show or hands or on a poll and your votes will not be counted in computing the majority required on a poll.

☐

If the chair of the Annual General Meeting is to be your proxy and you have not directed your proxy how to vote on the Resolutions above, please place a mark in this box. By marking this box you acknowledge that the chair of the Annual General Meeting may exercise your proxy even if he has an interest in the outcome of that Resolution (except in respect of Resolution 3) and that votes cast by him, other than as proxy holder, would 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 Annual General 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 Annual General Meeting intends to abstain from voting any undirected proxies in respect of Resolution 3. The chair of the Annual General Meeting intends to vote undirected proxies in favour of Resolutions 1, 2, 4, 5, 6, 7 and 8.

**PLEASE SIGN HERE (this section must be signed in accordance with the instructions below)**

.....  
*Signature*

***If the member is a company***

Executed by \_\_\_\_\_ in accordance with section 127 of the Corporations Act 2001 (Cth)  
(Name of corporate member)

.....  
(Signature of director/sole director and sole secretary)  
\*cross out which ever is inapplicable

.....  
(Signature of secretary/director)  
\*cross out which ever is inapplicable

.....  
**Contact Name**

.....  
**Contact Daytime Telephone**

...../...../.....  
**Date**

**HOW TO COMPLETE THE PROXY FORM**

**Appointment of proxy**

A member entitled to attend and vote at this Meeting is entitled to appoint a proxy. A proxy need not be a member of the Company. However, if you do not lodge this Proxy Form then your vote will not be counted.

To appoint the Chairperson of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chairperson of the Meeting as your proxy, insert that person's name in the space provided. If you leave that section blank, or your named proxy does not attend the Meeting, the Chairperson of the Meeting will be your proxy.

**Votes on items of business**

To direct your proxy how to vote, place an 'X' in the box that reflects your intention as to how the proxy should vote on that item of business. All of your securities will be voted in accordance with that direction unless you indicate that only a portion of voting rights should be voted on a particular item by inserting the percentage or number of securities you wish to vote in the appropriate box(es).

On any other business arising at the meeting (including any motion to amend a resolution or to adjourn the meeting) the proxy may act at their discretion.

If you do not mark any of the boxes on an item, your proxy may vote as he or she chooses. If you mark more than 1 box on an item your vote on that item will be invalid.

**Appointment of a second proxy**

If you are entitled to cast 2 or more votes at the meeting, you may appoint not more than 2 proxies. You may specify the proportion of votes each proxy is appointed to exercise. If you require an additional Proxy Form, please telephone the Company's share registry or copy this Form.

To appoint a second proxy you must:

- (a) On each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that Form. If the appointments do not specify this information, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) Return both forms together in the same envelope, or facsimile both forms to an address set out below.

**Signing of form**

Each person registered as the holder of the above shares must sign the Proxy Form in the following way:

Individual: where the entitlement to vote is held by 1 person, that person must sign.

Joint holding: where the entitlement to vote is held by more than 1 person, all of the holders of that entitlement must sign.

Power of Attorney: to sign under a Power of Attorney which has not previously been lodged with the Company's share registry, please attach a certified photocopy of the Power of Attorney to this Form when you return it. In signing as attorney you declare that you have no notice of revocation of the Power of Attorney.

Companies: where the company has a sole director who is also the sole company secretary this Form must be signed by that person. If the company (under section 204A of the Corporations Act 2001 (Cth)) does not have a company secretary, a sole director can also sign alone. Otherwise, this Form must be signed by a director jointly with either another director or a company secretary. The office held by the signatory should be indicated in the appropriate place.

A corporate representative must produce the appropriate 'Certificate of Appointment of Corporate Representative' prior to admission to the Meeting, the form of which can be obtained from the Company's share registry.

**Lodgement of Proxy Form**

This Proxy Form (and, if relevant, the Power of Attorney under which it is signed) must be received at an address given below not later than **11.00 am (WST) on 26 November 2011**, being 48 hours before the commencement of the Meeting. A Proxy Form received after that time will not be valid for the scheduled Meeting.

**Documents may be lodged by using the reply paid envelope or posting, delivery or facsimile to the Company's registered office, being:**

**Suite 3, 110 - 116 East Parade, East Perth WA 6004**  
**Facsimile+61 8 9328 2660**