



EXTRACT RESOURCES LIMITED

ABN 61 057 337 952

NOTICE OF GENERAL MEETING

AND

EXPLANATORY STATEMENT

AND

PROXY FORM

TIME: 10 am (WST)
DATE: 22 June 2010
PLACE: Perth Zoo Conference Centre – Theatre Room
20 Labouchere Road
SOUTH PERTH WA 6151

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

Should you wish to discuss any matters referred to in this document please do not hesitate to contact the Company Secretary, Siobhan Lancaster by telephone on (+61 8) 9367 2111.

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TIME AND PLACE OF MEETING AND HOW TO VOTE**VENUE**

The General Meeting of the Shareholders of Extract Resources Limited ABN 61 057 337 952 (**Company**) to which this Notice of General Meeting relates will be held at 10 am (WST) on 22 June 2010 at:

Perth Zoo Conference Centre – Theatre Room
20 Labouchere Road
SOUTH PERTH WA 6151

YOUR VOTE IS IMPORTANT

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

VOTING IN PERSON

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

VOTING BY PROXY

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

- (a) post to Extract Resources Limited, C/-Link Market Services Limited, Locked Bag A14 Sydney South NSW 1235 Australia; or
- (b) facsimile to the Company on facsimile number (+61 2) 9287 0309,

so that it is received no later than 10 am (WST) on 20 June 2010.

Proxy forms received later than this time will be invalid.

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Shareholders of Extract Resources Limited ABN 61 057 337 952 (**Company**) will be held at 10 am (WST) on 22 June 2010 at Perth Zoo Conference Centre – Theatre Room, 20 Labouchere Road, SOUTH PERTH WA 6151.

The Explanatory Statement to this Notice of General Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the enclosed proxy form are part of this Notice of General Meeting.

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

AGENDA

The Explanatory Statement to this Notice of General Meeting describes the matters to be considered at the meeting.

RESOLUTION 1 - RE-ELECTION OF ALASTAIR CLAYTON AS DIRECTOR

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

"That Alastair Clayton, who was appointed by the Board in accordance with Clause 13.4 of the Company's Constitution since the last general meeting, retires as a Director of the Company and, being eligible, offers himself for re-election, is hereby re-elected as a Director of the Company".

RESOLUTION 2 - RE-ELECTION OF RON CHAMBERLAIN AS DIRECTOR

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

"That Ron Chamberlain, who was appointed by the Board in accordance with Clause 13.4 of the Company's Constitution since the last general meeting, retires as a Director of the Company and, being eligible, offers himself for re-election, is hereby re-elected as a Director of the Company".

RESOLUTION 3 – APPROVAL OF PERFORMANCE RIGHTS PLAN

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

"That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, Shareholders approve the establishment of the Performance Rights Plan and authorise the Company to grant Performance Rights and issue Shares to Eligible Employees (as defined in the Performance Rights Plan) pursuant to those Performance Rights from time to time upon the terms and conditions specified in the rules of the Performance Rights Plan (which are summarised in Schedule 1 to the Explanatory Statement), as an exception to Listing Rule 7.1."

Voting exclusion statement

In accordance with Listing Rules 7.2 (Exception 9(b)) and 14.11, the Company will disregard any votes cast on this Resolution by a Director of the Company or by an Associate of a Director.

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

RESOLUTION 4 - APPROVAL OF GRANT OF PERFORMANCE RIGHTS TO JONATHAN LESLIE

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

"That, for the purposes of ASX Listing Rules 7.1 and 10.14, and Chapter 2E of the Corporations Act and for all other purposes, Shareholders approve and authorise the Company to grant 1,341,300 Performance Rights (each to acquire one Share in the capital of the Company) for nil consideration to Jonathan Leslie, and to allot and issue Shares on the vesting of those Performance Rights, in accordance with the Performance Rights Plan and otherwise on the terms and conditions set out in this Explanatory Statement."

Voting exclusion statement

In accordance with section 224 of the Corporations Act, and Listing Rules 7.3, 10.15 and 14.11, the Company will disregard any votes cast on this Resolution by a Director of the Company (including Mr Leslie) or by an Associate of a Director.

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 is cast by the person chairing the meeting as a 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 5 - APPROVAL OF ISSUE OF SHARES TO STEPHEN GALLOWAY

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

"That, for the purposes of Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, Shareholders approve and authorise the Company to allot and issue 15,524 Shares to Stephen Galloway, on the terms and conditions set out in the Explanatory Statement."

Voting exclusion statement

In accordance with section 224 of the Corporations Act, and Listing Rules 10.13 and 14.11, the Company will disregard any votes cast on this Resolution by Stephen Galloway or by an Associate of Stephen Galloway.

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

RESOLUTION 6 - APPROVAL OF ISSUE OF SHARES TO JOHN MAIN

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

"That, for the purposes of Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, Shareholders approve and authorise the Company to allot and issue 4,851 Shares to John Main, on the terms and conditions set out in the Explanatory Statement."

Voting exclusion statement

In accordance with section 224 of the Corporations Act, and Listing Rules 10.13 and 14.11, the Company will disregard any votes cast on this Resolution by John Main or by an Associate of John Main.

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

RESOLUTION 7 - APPROVAL OF ISSUE OF SHARES TO NEIL MACLACHLAN

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

"That, for the purposes of Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, Shareholders approve and authorise the Company to allot and issue 4,851 Shares to Neil MacLachlan, on the terms and conditions set out in the Explanatory Statement."

Voting exclusion statement

In accordance with section 224 of the Corporations Act, and Listing Rules 10.13 and 14.11, the Company will disregard any votes cast on this Resolution by Neil MacLachlan or by an Associate of Neil MacLachlan.

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

RESOLUTION 8 - APPROVAL OF ISSUE OF SHARES TO INGE ZAAMWANI-KAMWI

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

"That, for the purposes of Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, Shareholders approve and authorise the Company to allot and issue 4,851 Shares to Inge Zaamwani-Kamwi, on the terms and conditions set out in the Explanatory Statement."

Voting exclusion statement

In accordance with section 224 of the Corporations Act, and Listing Rules 10.13 and 14.11, the Company will disregard any votes cast on this Resolution by Inge Zaamwani-Kamwi or by an Associate of Inge Zaamwani-Kamwi.

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

RESOLUTION 9 - APPROVAL OF ISSUE OF SHARES TO ALASTAIR CLAYTON

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

"That, subject to Resolution 1 being passed, for the purposes of Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, Shareholders approve and authorise the Company to allot and issue 1,808 Shares to Alastair Clayton, on the terms and conditions set out in the Explanatory Statement."

Voting exclusion statement

In accordance with section 224 of the Corporations Act, and Listing Rules 10.13 and 14.11, the Company will disregard any votes cast on this Resolution by Alastair Clayton or by an Associate of Alastair Clayton.

However, the Company need not disregard a vote if it is cast by a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

RESOLUTION 10 - APPROVAL OF ISSUE OF SHARES TO RON CHAMBERLAIN

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

"That, subject to Resolution 2 being passed, for the purposes of Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, Shareholders approve and authorise the Company to allot and issue 1,037 Shares to Ron Chamberlain, on the terms and conditions set out in the Explanatory Statement."

Voting exclusion statement

In accordance with section 224 of the Corporations Act, and Listing Rules 10.13 and 14.11, the Company will disregard any votes cast on this Resolution by Ron Chamberlain or by an Associate of Ron Chamberlain.

However, the Company need not disregard a vote if it is cast by a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

DATED: 6 MAY 2010

BY ORDER OF THE BOARD



**SIOBHAN LANCASTER
COMPANY SECRETARY**

ENTITLEMENT TO ATTEND AND VOTE

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at 10 am (WST) on 20 June 2010. Accordingly, transactions registered after this time will be disregarded in determining entitlements to attend and vote at the General Meeting.

If more than one joint holder of Shares is present at the General Meeting (whether personally, by proxy, by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

HOW TO VOTE

Voting in Person

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

Voting by Proxy

A Shareholder of the Company entitled to attend and vote at the General Meeting is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. If a body corporate is appointed as a proxy, that body corporate must ensure that it appoints a corporate representative in accordance with section 250D of the Corporations Act to exercise its powers as proxy at the General Meeting.

A proxy need not be a Shareholder of the Company.

Where a voting exclusion applies, 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 General Meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

If a proxy form is signed under a power of attorney, the proxy form and the original power of attorney (if any) under which the proxy form is signed (or a certified copy of that power of attorney or other authority) must be received by the Company not later than 10am (WST) on 20 June 2010, being not less than 48 hours before the General Meeting.

Corporate Representatives

A body corporate that is a Shareholder, or that has been appointed as a proxy, is entitled to appoint any person to act as its representative at the General Meeting. The appointment of the representative must comply with the requirements under section 250D of the Corporations Act. The representative should bring to the General Meeting a properly executed letter or other document confirming its authority to act as the body corporate's representative.

Shareholder Questions

If you wish a question to be put to the Chairman of the General Meeting and you are not able to attend the General Meeting, please email your question to the Company Secretary at slancaster@extractresources.com .

To allow sufficient time to collate questions and prepare answers, questions must be received by the Company Secretary, Siobhan Lancaster no later than 10 am (WST) on 17 June 2010.

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EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting to be held at 10 am (WST) on 22 June 2010 at Perth Zoo Conference Centre – Theatre Room, 20 Labouchere Road, SOUTH PERTH WA 6151.

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

This Explanatory Statement should be read in conjunction with the accompanying Notice of General Meeting.

This Explanatory Statement and all attachments are important documents and should be read carefully and in their entirety. If you have any questions regarding the matters set out in the Explanatory Statement or the Notice of General Meeting, please contact the Company or your professional adviser.

1. **RESOLUTION 1 – RE-ELECTION OF ALASTAIR CLAYTON AS DIRECTOR**

Alastair Clayton was appointed as a Director of the Company in February 2010. Clause 13.4 of the Constitution requires that a Director appointed by the other Directors of the Company retires at the next general meeting following their initial appointment as a Director.

In accordance with the Constitution, Mr Clayton retires as a Director and, being eligible, offers himself for re-election.

Mr Clayton is based in London and is a qualified geologist and mining executive with extensive experience in evaluating, optimising and financing large scale mining projects internationally. Between May 2006 and July 2009 Mr Clayton was the Chairman and then a Non-Executive Director of Bannerman Resources Limited, a uranium exploration company in Namibia. He was also previously a Director of South China Resources PLC, now Universal Coal PLC, a UK based company with South African thermal coal reserves.

Between 1996 and 2000 Mr Clayton was intimately involved in the successful joint-venturing, optimisation and construction of the A\$1.3B Murrin Murrin Nickel/Cobalt Project in Western Australia. He is currently a Non-Executive Director of Templar Minerals Limited, an AIM listed mining and exploration group focused on investing in or acquiring and developing iron ore assets in South America.

Mr Clayton is also a senior executive with Solo Oil PLC, an oil exploration company that is currently drilling for Oil and Gas in Tanzania with partners Aminex PLC and Tullow Oil PLC.

Mr Clayton was appointed as a Director of the Company pursuant to the Board's invitation to Kalahari Uranium Limited to nominate an additional Board representative to Extract.

Mr Clayton has an interest in Resolution 1 and refrains from making any recommendation as to how Shareholders should vote on the Resolution. The remaining Directors recommend that Shareholders vote in favour of Resolution 1.

2. **RESOLUTION 2 - RE-ELECTION OF RON CHAMBERLAIN AS DIRECTOR**

Ron Chamberlain was appointed as a Director of the Company in April 2010. Clause 13.4 of the Constitution requires that a Director appointed by the other Directors of the Company retires at the next general meeting following their initial appointment as a Director. In accordance with the Constitution, Mr Chamberlain retires as a Director and, being eligible, offers himself for re-election

Mr Chamberlain is an Associate Member of the Institute of Chartered Accountants in Australia with twenty years experience in international finance with global listed companies, private companies and chartered accountant firms.

Between 2004 and 2008 Mr Chamberlain was Chief Financial Officer for Paladin Energy Limited which has the Langer Heinrich Mine in Namibia. He also worked in a variety of financial roles for the mineral sands miner Iluka Resources Limited between 1998 and 2004.

Mr Chamberlain has an interest in Resolution 2 and refrains from making any recommendation as to how Shareholders should vote on the Resolution. The remaining Directors recommend that Shareholders vote in favour of Resolution 2.

3. **RESOLUTION 3 – APPROVAL OF PERFORMANCE RIGHTS PLAN**

On 9 April 2010, the Board agreed to establish an employee incentive scheme which became known as the "Extract Resources Limited Performance Rights Plan" (**Performance Rights Plan**).

The Board's rationale for the Performance Rights Plan is to:

- align the interests of Eligible Employees with Shareholders through the allocation of equity based incentives which are linked to the performance of the Company;
- attract, motivate and retain quality employees, particularly as the Company approaches the development stages of its Rossing South Project; and
- preserve cash reserves during the development stages of the Company's Rossing South Project.

The Performance Rights are also a key component of Extract's executive remuneration strategy. Performance Rights allow Participants to acquire shares in Extract, subject to remaining employed by Extract and the performance of Extract.

The Directors may invite Eligible Employees to participate in the Performance Rights Plan and grant Participants with a number of Performance Rights.

If Performance Rights vest, Participants are entitled to be issued with a corresponding number of Shares without being required to pay any monetary compensation.

The Performance Rights Plan entitles a Participant to be issued with a maximum number of Shares, provided certain Vesting Conditions related to Company performance are met.

In accordance with the rules of the Performance Rights Plan, the Board determines the maximum number of Performance Rights that a Participant is entitled to, and the relevant Vesting Conditions.

The amount of Performance Rights that a Participant will receive may be adjusted on a pro-rata basis by reference to the amount of time the Participant was employed during the relevant year used to calculate the entitlement to Performance Rights.

The number of Performance Rights held determines the maximum number of Shares a Participant may be issued with if all the Performance Rights vest.

The number of Performance Rights that vest and therefore Shares that the Eligible Employee is entitled to, is determined by reference to the Vesting Conditions which relate to the performance of the Company.

A summary of the rules of the Performance Rights Plan is set out in Schedule 1.

3.1 **Listing Rule 7.1**

Listing Rule 7.1 provides, in summary, that a listed company may not, subject to certain exceptions, issue or agree to issue equity securities in any 12 month period which exceeds 15% of the number of securities of the company on issue at the beginning of the 12 month period, except with the prior approval of shareholders of the company in general meeting of the summary of the terms and conditions of the proposed issue.

3.2 **Exception to Listing Rule 7.1**

One of the exceptions to Listing Rule 7.1 is Listing Rule 7.2 (Exception 9(b)), which provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme if within 3 years before the date of issue, shareholders have approved the issue of securities under the employee incentive scheme as an exception to Listing Rule 7.1.

Shareholder approval is sought to enable the Company to grant Performance Rights (and issue Shares pursuant to those Performance Rights) under the Performance Rights Plan from time to time during the 3 years from the date of the General Meeting without being required to count those securities as part of, and without reducing the number of securities which the Company can issue under, its annual 15% limit.

In accordance with Listing Rule 7.2 (Exception 9(b)), the following information is provided to Shareholders for the purposes of Resolution 3:

- (a) A summary of the terms and conditions of the Performance Rights Plan is set out in Schedule 1 to this Explanatory Statement. A copy of the full terms of the Performance Rights Plan will be sent free of charge to any Shareholder on request.

- (b) No Performance Rights have been granted under the Performance Rights Plan.
- (c) A voting exclusion statement in respect of Resolution 3 is in both the Notice of General Meeting and below in section 3.4 of this Explanatory Statement.

3.3 **Directors' recommendation**

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

3.4 **Voting exclusion statement**

In accordance with Listing Rules 7.2 (Exception 9(b)) and 14.11, the Company will disregard any votes cast on this Resolution by a Director of the Company or by an Associate of a Director. 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 is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

4. **RESOLUTION 4 - APPROVAL OF GRANT OF PERFORMANCE RIGHTS TO JONATHAN LESLIE**

Resolution 4 seeks Shareholder approval for the grant of up to 1,341,300 Performance Rights to Jonathan Leslie, on the terms and conditions set out in this Explanatory Statement.

4.1 **Background to the grant of Performance Rights**

It is proposed that Performance Rights will be granted to Mr Leslie pursuant to the Performance Rights Plan.

The purpose of the proposed grant of the Performance Rights to Mr Leslie is to:

- provide an appropriate remuneration strategy and incentive for Mr Leslie to assist the Company to achieve certain key performance targets;
- assist the Company to retain the services of Mr Leslie; and
- preserve cash reserves during this important developmental stage.

The Board considers that vesting of the Performance Rights should be aligned to certain key performance targets. In determining the number of Performance Rights proposed to be granted to Mr Leslie, the Board has considered market guidelines, market surveys with appropriate consideration for Extract's international context, market capitalisation, developmental phase and its future direction.

Mr Leslie will benefit from the grant of the Performance Rights if the relevant performance conditions attaching to his Performance Rights are fulfilled and he is issued with Shares on vesting of the Performance Rights.

The performance targets ensure that the vesting of Mr Leslie's Performance Rights are subject to the Company's performance against established measures, which

have been separately specified for each of the four years of his contract of employment with the Company.

The Performance Rights proposed to be granted to Mr Leslie reflect the level of commitment to be provided by Mr Leslie to the Company in assisting the Company to achieve certain key performance targets, taking into account the responsibilities of Mr Leslie and the time commitment required from him. The Performance Rights to be granted to Mr Leslie also reflect the value the Board believes Mr Leslie adds to the Company and the relative importance of the key performance targets set by the Company.

The Board considers it appropriate for part of Mr Leslie's remuneration package to comprise non-cash, incentive based remuneration. If Shareholders approve Resolution 4, the Performance Rights will be granted to Mr Leslie no later than 3 months after the date of the General Meeting, however, the Performance Rights will only vest if the key performance targets attached to the Performance Rights are met.

4.2 **Key details of the Performance Rights**

It is proposed that Mr Leslie is to be granted 1,341,300 Performance Rights by the Company pursuant to Resolution 4.

For each year of Mr Leslie's 4 year term of employment with the Company, subject to certain Vesting Conditions relating to performance targets (as determined by the Board) being met, between 134,130 and 335,325 Performance Rights are capable of vesting.

Mr Leslie's initial performance targets require improvement of Extract's Net Present Value (NPV) from a base case model. The base case model has certain fixed assumptions such as uranium prices, exchange rates, discount rates, royalty rates and tax rates. Mr Leslie's subsequent performance targets will be linked to development and construction schedules, as determined and agreed by the Board.

Mr Leslie is not required to pay any amount to acquire the Performance Rights. If the Performance Rights vest, Mr Leslie will be issued with a corresponding number of Shares without being required to pay any monetary compensation.

The rules of the Performance Rights Plan are summarised in Schedule 1 to this Explanatory Statement.

4.3 **Chapter 2E of the Corporations Act**

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a Related Party of the Company unless either:

- the giving of the financial benefit falls within one of the exceptions to the prohibition; or
- prior shareholder approval is obtained for the giving of the financial benefit.

For the purposes of Chapter 2E, Mr Leslie is considered to be a Related Party of the Company because he is a Director of the Company and the proposed grant of

the Performance Rights and subsequent issue of Shares to Mr Leslie on vesting of those Performance Rights, constitutes the giving of a financial benefit. Accordingly, Shareholder approval is required.

An exception to the prohibition in Chapter 2E of the Corporations Act permits the Company to give a financial benefit to a Related Party without the need for Shareholder approval if the benefit is remuneration to an officer of the Company that would be reasonable given the circumstances of the Company and the Related Party's circumstances (including the responsibilities involved in the Related Party's office).

The Board considers that the proposed grant of Performance Rights to Mr Leslie is reasonable remuneration. Accordingly, shareholder approval for the purposes of Chapter 2E of the Corporations Act is not required. However, the Board considers that it is prudent, from a corporate governance perspective, to seek Shareholder approval for the purposes of Chapter 2E of the Corporations Act in any event.

In accordance with the requirements of 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 grant of Performance Rights and issue of Shares to Mr Leslie on vesting of the Performance Rights:

- (a) Mr Leslie is a Related Party of the Company to whom Resolution 4 would permit the financial benefit to be given.
- (b) The nature of the financial benefit to be given to Mr Leslie is the grant of up to 1,341,300 Performance Rights and the issue of up to 1,341,300 Shares upon the vesting of those Performance Rights for no cash consideration.
- (c) The Performance Rights proposed to be granted to Mr Leslie will be issued in accordance with the terms and conditions set out in section 4.2 of this Explanatory Statement and the rules of the Performance Rights Plan (summarised in Schedule 1 to this Explanatory Statement).
- (d) No funds will be raised by the grant of Performance Rights to Mr Leslie. Any Shares issued upon exercise of the Performance Rights will be issued for no cash consideration.
- (e) As at the date of lodgement of this Notice of General Meeting with ASIC, the capital structure of the Company is as follows:

Capital	Number
Ordinary fully paid Shares	242,867,636
Options	550,000
Performance Rights	Nil

If Shareholders approve all Resolutions contained in this Notice of General Meeting and all Shares are issued as contemplated by this Notice of General Meeting, the issued capital of the Company will be as follows:

Capital	Number
Ordinary fully paid Shares	244,241,858
Options	550,000

Performance Rights	1,341,300
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If Shareholders approve the grant of 1,341,300 Performance Rights under Resolution 4 to Mr Leslie and all 1,341,300 Performance Rights subsequently vest such that 1,341,300 Shares are issued to Mr Leslie, and the issue of a total of 32,922 Shares to the Recipient Directors under Resolutions 5 to 10 (inclusive), the 1,341,300 Performance Rights granted to Mr Leslie, may result in dilution of the shareholdings of all other existing Shareholders of approximately 0.55% (based on the existing number of Shares on issue as at the date of lodgement of this Notice of General Meeting with ASIC and assuming that no other existing options or Performance Rights are exercised and no other securities are issued by the Company in the meantime).

- (f) As at the date of lodgement of this Notice of General Meeting with ASIC, Mr Leslie does not hold any securities in the Company.
- (g) Details of the estimated remuneration payable to Mr Leslie for the financial year ending 30 June 2010 are set out in the below table. Mr Leslie is paid in Great Britain pounds sterling (**GBP**). The GBP / AUD currency exchange rate as at 20 April 2010 was 0.60240.

Salary and Superannuation	Short Term Incentives	Long term incentive (estimate)	Other	Total
GBP700,000 (including Superannuation and other tax)	GBP200,000	GBP1,470,558 ¹	GBP 2,000	GBP2,372,558

¹ This amount was calculated using a bi-nominal option pricing model of the Performance Rights and converted into GBP using the AUD to GBP exchange rate as at 20 April 2010. Refer to calculation notes in section 4.3(m) of this Explanatory Statement. As these Performance Rights relate to the 4 year term of employment with the Company, only 25% of the total value has been included above as an annual estimate.

- (h) During the last 12 months before the date of lodgement of this Notice of General Meeting with ASIC, the highest trading price of the Shares was \$11.17 on 16 September 2009 and the lowest price was \$4.68 on 8 May 2009. The market price of the Company's Shares over the 5 days of trading on ASX up to and including 4 May 2010 has been between a minimum of \$7.06 per Share to a maximum of \$7.30 per Share. On 5 May 2010, the last trading day before this Notice of General Meeting was lodged with ASIC, Shares closed at a price of \$7.06 per Share.
- (i) The primary purpose of the grant of the Performance Rights to Mr Leslie is to provide an appropriate incentive to Mr Leslie to strive to assist the Company to achieve the Company's performance objectives and to retain the services of Mr Leslie. Given this purpose, the Directors do not consider that there is any opportunity cost or benefit foregone by the Company in granting the Performance Rights or issuing Shares on the vesting of those Performance Rights, as proposed by Resolution 4.
- (j) The issue of securities to Mr Leslie is a more cost effective and appropriate incentive for the Company as opposed to the payment of additional cash compensation.

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- (k) Mr Leslie has an interest in the outcome of Resolution 4 as he is a recipient of the Performance Rights proposed to be issued under that Resolution. The Company's remaining Directors do not have an interest in the outcome of Resolution 4, except where they are Shareholders. As set out in the proxy form, the chairman of the General Meeting intends to vote all undirected proxies in favour of Resolution 4.
 - (l) The Company will incur no liabilities or costs in respect of the proposed grant of the Performance Rights to Mr Leslie other than:
 - (i) The fees payable to ASX for quotation of the Shares if and when the performance conditions applicable to the Performance Rights are satisfied and the Performance Rights are vested. At the rates applying at the date of this Notice of General Meeting, these fees would be approximately \$5,300; and
 - (ii) The cost of the Shares issued on vesting of the Performance Rights, which will be expensed through the Company's income statement in accordance with AASB2 Share-based payments.
 - (m) The Company has had an independent valuation undertaken of the Performance Rights proposed to be offered to Mr Leslie, which determined the fair value of the Performance Rights at 20 April 2010 to be A\$7.28 each. This valuation represents a theoretical market valuation principally based on the binomial option pricing model. It does not purport to indicate the price for which the Performance Rights could be sold in the market. A market price for the Performance Rights may be affected by economic factors or conditions which have not been taken into account, and market variables which have not been incorporated into the valuation of the Performance Rights.

The Vesting Conditions attaching to the Performance Rights proposed to be granted to Mr Leslie, relate to performance targets that do not involve the Company's share price (see section 4.2 of this Explanatory Statement). As the Share price as at the date of grant of the Performance Rights is unknown, and no market conditions exist with regards to the vesting of the Performance Rights, the underlying value of the Performance Rights is the market value at the date the Performance Rights are granted.

Model input variables such as the share price volatility, market interest rates and the life of the Performance Rights have no effect on the valuation since no consideration is to be paid by the holder of the Performance Rights upon vesting. As such, the Performance Rights are only valuable to the holder so long as there is some value in the underlying shares. Therefore, the valuation used the ASX market traded price at the valuation date, being the closing Share price of A\$7.28 on 20 April 2010. This has been clarified using the binomial valuation methodology. The total value of the Performance Rights proposed to be granted to Mr Leslie for 1 year of his term of employment with the Company is set out in the "Long term incentive" column of the table in section 4.3(g) of this Explanatory Statement. For the purposes of the valuation, it is assumed that 100% of the Performance Rights will vest so as to disclose the maximum possible value of Performance Rights.

- (n) Neither the Board nor the Company is aware of any other information that would reasonably be required by Shareholders in order to decide whether it is in the best interests of the Company to pass Resolution 4, other than as stated in this Explanatory Statement.

4.4 **Listing Rule 7.1**

Listing Rule 7.1 provides, in summary, that, subject to certain exceptions, a listed company may not issue or agree to issue equity securities in any 12 month period which exceeds 15% of the number of ordinary shares of the company on issue at the beginning of the 12 month period, except with the prior approval of shareholders of the company in general meeting of the precise terms and conditions of the proposed issue.

As the grant of up to 1,341,300 Performance Rights pursuant to Resolution 4 will not exceed the 15% annual limit in Listing Rule 7.1, assuming Shareholders approve Resolution 4, the Company is not required to seek Shareholder approval of the grant of 1,341,300 Performance Rights for the purposes of Listing Rule 7.1.

However, as the Company is seeking Shareholder approval of the grant of the Performance Rights, and the issue of Shares on the vesting of the Performance Rights, for the purposes of Listing Rule 10.14 in any event, Shareholder approval is also sought for the purposes of Listing Rule 7.1.

4.5 **Listing Rule 10.14**

Listing Rule 10.14 provides, in summary, that the approval of shareholders by ordinary resolution is required before any of the following persons can acquire securities under an employee incentive scheme:

- (a) a director;
- (b) an Associate of a director; or
- (c) a person whose relationship with the Company or a person referred to in paragraph (a) or (b) above is, in ASX's opinion, such that approval should be obtained.

Mr Leslie is a Director of the Company for the purposes of Listing Rule 10.14. Accordingly, in order for Mr Leslie to acquire the Performance Rights and Shares on the vesting of the Performance Rights under the Performance Rights Plan, the Company must obtain Shareholder approval pursuant to Listing Rule 10.14.

4.6 **Disclosure Requirements**

Listing Rules 7.3 and 10.15 set out a number of matters which must be included in a notice of meeting seeking shareholder approval under Listing Rules 7.1 and 10.14.

In accordance with Listing Rules 7.3 and 10.15, the following information is disclosed to Shareholders in relation to Resolution 4:

- (a) Mr Leslie is a Director of the Company.

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- (b) The maximum number of Performance Rights that may be granted to Mr Leslie for which approval is required is 1,341,300. If all 1,341,300 Performance Rights vest, Mr Leslie will be entitled to 1,341,300 Shares.
 - (c) The Performance Rights will be granted to Mr Leslie as an incentive, for no cash consideration. Any Shares issued on vesting of the Performance Rights will be issued for no cash consideration. Accordingly, no funds will be raised by the grant of the Performance Rights or any subsequent issue of Shares to Mr Leslie on vesting of those Performance Rights.
 - (d) No Director or Associate of a Director of the Company has previously received securities under the Performance Rights Plan.
 - (e) As at the date of lodgement of this Notice of General Meeting with ASIC, Mr Leslie is the only person referred to in Listing Rule 10.14 who is entitled to participate in the Performance Rights Plan.
 - (f) The Performance Rights will be granted no later than 3 months after the date of the General Meeting and it is anticipated that the allotment will be on one date.
 - (g) The Performance Rights to be granted to Mr Leslie will not be quoted on ASX. Any Shares issued to Mr Leslie on vesting of those Performance Rights will rank equally in all respects with all other Shares in the Company and the Company will apply for the Shares to be quoted on ASX.
 - (h) The proposed grant of Performance Rights to Mr Leslie will be made pursuant to the terms and conditions set out in section 4.2 of this Explanatory Statement and the rules of the Performance Rights Plan as summarised in Schedule 1 to this Explanatory Statement.
 - (i) Details of any securities issued under the Performance Rights Plan will be published in each annual report of the Company relating to the period in which the securities were issued.
 - (j) A voting exclusion statement in respect of Resolution 4 is in both the Notice of General Meeting and below in section 4.8 of this Explanatory Statement.

4.7 **Directors' recommendation**

Mr Leslie declines to make a recommendation to Shareholders in relation to Resolution 4 due to his interest in the outcome of the Resolution. The other Directors who do not have an interest in the outcome of Resolution 4, recommend that Shareholders vote in favour of Resolution 4 for the reasons set out in section 4.1 of this Explanatory Statement.

4.8 **Voting exclusion statement**

In accordance with section 224 of the Corporations Act, and Listing Rules 7.3, 10.15 and 14.11, the Company will disregard any votes cast on this resolution by a Director of the Company (including Mr Leslie) or by an Associate of a Director.

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

5. **RESOLUTIONS 5 TO 10 (INCLUSIVE) - APPROVAL OF ISSUE OF SHARES TO RECIPIENT DIRECTORS**

5.1 **Background**

Resolutions 5 to 10 (inclusive) seek Shareholder approval of the issue of an aggregate total of 32,922 Shares by the Company, to Stephen Galloway, John Main, Neil MacLachlan, Inge Zaamwani-Kamwi, Alastair Clayton and Ron Chamberlain (**Recipient Directors**), on the terms and conditions set out in this Explanatory Statement.

The purpose of the proposed issue of Shares to the Recipient Directors is to:

- provide appropriate remuneration to certain Recipient Directors for services provided to the Company for the period between 1 July 2009 until 30 June 2010;
- retain the services of the Recipient Directors; and
- preserve cash reserves during this important developmental stage.

In determining the number of Shares proposed to be issued to the Recipient Directors, the Board has considered market guidelines and market surveys with appropriate consideration for the Company's international context, market capitalisation, developmental phase and its future direction. In particular the Board has relied on advice from independent remuneration consultants, Guerdon Associates, and proposes to issue Shares to the Recipient Directors, so that remuneration for the Recipient Directors is equivalent to the median remuneration for non-executive directors within a comparator group selected by Guerdon Associates.

It is proposed that each Recipient Director be issued that number of Shares by the Company as set out in the below table opposite the relevant Recipient Director's name:

Recipient Director	Number of Shares to be issued
Stephen Galloway	15,524
John Main	4,851
Neil MacLachlan	4,851
Inge Zaamwani- Kamwi	4,851
Alastair Clayton (appointed 14 February 2010)	1,808
Ron Chamberlain (appointed 14 April 2010)	1,037

5.2 Chapter 2E of the Corporations Act

As set out in section 4.3 of this Explanatory Statement, Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a Related Party of the Company unless either:

- the giving of the financial benefit falls within one of the exceptions to the prohibition; or
- prior shareholder approval is obtained for the giving of the financial benefit.

For the purposes of Chapter 2E, each of the Recipient Directors is considered to be a Related Party because each is a Director and the proposed issue of the Shares to each Recipient Director constitutes the giving of a financial benefit. Accordingly, Shareholder approval is required.

An exception to the prohibition in Chapter 2E of the Corporations Act permits the Company to give a financial benefit to a Related Party without the need for Shareholder approval if the benefit is remuneration to an officer of the Company that would be reasonable given the circumstances of the Company and the Related Party's circumstances (including the responsibilities involved in the Related Party's office).

The Board considers that the proposed issue of Shares to each of the Recipient Directors is reasonable remuneration. Accordingly, Shareholder approval for the purposes of Chapter 2E of the Corporations Act is not required. However, the Board considers that it is prudent, from a corporate governance perspective, to seek Shareholder approval for the purposes of Chapter 2E of the Corporations Act in any event.

In accordance with the requirements of 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 to the Recipient Directors:

- (a) Each of the Recipient Directors is a Related Party of the Company to whom Resolutions 5 to 10 (inclusive) would permit the financial benefit to be given.
- (b) The nature of the financial benefit to be given to each of the Recipient Directors is the issue of Shares as set out in section 5.1 of this Explanatory Statement) for no cash consideration.
- (c) No funds will be raised by the issue of Shares to the Recipient Directors.
- (d) As at the date of lodgement of this Notice of General Meeting with ASIC, the capital structure of the Company is as follows:

Capital	Number
Ordinary fully paid Shares	242,867,636
Options	550,000
Performance Rights	0

If Shareholders approve all Resolutions contained in this Notice of General Meeting and all Shares are issued as contemplated by this

Notice of General Meeting the issued capital of the Company will be as follows:

Capital	Number
Ordinary fully paid Shares	244,241,858
Options	550,000
Performance Rights	1,341,300

If Shareholders approve the issue of a total of 32,922 Shares to the Recipient Directors under Resolutions 5 to 10 (inclusive), and the grant of 1,341,300 Performance Rights under Resolution 4 to Mr Leslie and all 1,341,300 Performance Rights subsequently vest such that 1,341,300 Shares are issued to Mr Leslie, the 32,922 Shares proposed to be issued to Recipient Directors may result in dilution of the shareholdings of all other existing Shareholders of approximately 0.013% (based on the existing number of Shares on issue as at the date of lodgement of this Notice with ASIC and assuming that no other existing options or Performance Rights are exercised and no other securities are issued by the Company in the meantime).

- (e) As at the date of lodgement of this Notice of General Meeting with ASIC, each of the Recipient Directors holds the following securities in the Company representing 0.1% of the issued capital of the Company on a fully diluted basis:

Recipient Director	Number of Shares held Directly or Indirectly	Number of Options held Directly or Indirectly
Stephen Galloway	Nil	Nil
John Main	20,571	Nil
Neil MacLachlan	226,286	Nil
Inge Zaamwani-Kamwi	Nil	Nil
Alastair Clayton	Nil	Nil
Ron Chamberlain	Nil	Nil

- (f) Details of each Recipient Director's remuneration for the financial year ended 30 June 2009 (based on information extracted from the Company's 2009 financial statements) are as follows:

Recipient Director	Directors' fees	Super-annuation Contributions	Short and Long term incentive	Other	Total
	A\$	A\$	A\$	A\$	A\$
Stephen Galloway – Chairman	42,527	Nil	Nil	Nil	42,527
John Main	14,216	1,279	Nil	Nil	15,495
Neil MacLachlan	38,150	Nil	Nil	Nil	38,150
Inge Zaamwani-Kamwi	9,302	Nil	Nil	Nil	9,302
Alastair Clayton	N/A	N/A	N/A	N/A	N/A
Ron Chamberlain	N/A	N/A	N/A	N/A	N/A

Details of estimated remuneration and payments to each of the Recipient Directors for the year ending 30 June 2010 are as follows:

Recipient Director	Directors' fees	Super-annuation Contribution	Share Grant**	Other*	Total
	A\$	A\$	A\$	A\$	A\$
Stephen Galloway	127,000	Nil	120,000	242,264	489,264
John Main	81,651	7,349	37,498	138,422	264,920
Neil MacLachlan	89,000	Nil	37,498	81,069	207,567
Inge Zaamwani-Kamwi	82,000	Nil	37,498	Nil	119,498
Alastair Clayton	27,945	Nil	13,976	Nil	41,921
Ron Chamberlain	14,516	1,306	8,016	50,000	73,838

*The figures in the "Other" column represent consulting fees paid to Directors while the Company had no CEO/Managing Director and CFO. As the Company has now appointed Jonathan Leslie as CEO/Managing Director and a CFO, going forward these fees are expected to be minimal.

**The number and valuation of the Shares proposed to be issued to the Recipient Directors is based on the volume weighted average share price (VWAP) of the Company in the 10 trading days prior to 20 April 2010.

- (g) During the last 12 months before the date of lodgement of this Notice of General Meeting with ASIC, the highest trading price of the Shares was \$11.17 on 16 September 2009 and the lowest price was \$4.68 on 8 May 2009. The market price of the Company's Shares over the 5 days of trading on ASX up to and including 4th May 2010 has been between a minimum of \$7.06 per Share to a maximum of \$7.30 per Share. On 5 May 2010, the last trading day before this Notice of General Meeting was lodged with ASIC, Shares closed at a price of \$7.06 per Share.
- (h) The primary purpose of the issue of the Shares to the Recipient Directors is to provide appropriate remuneration to the Recipient Directors for services provided to the Company and to retain the services of the Recipient Directors. Given this purpose, the Directors do not consider that there is any opportunity cost or benefit foregone by the Company in issuing the Shares to the Recipient Directors, as proposed by Resolutions 5 to 10 (inclusive).
- (i) The issue of securities to each of the Recipient Directors is a more cost effective and appropriate incentive for the Company as opposed to the payment of additional cash compensation.
- (j) Stephen Galloway has an interest in the outcome of Resolution 5 as he is a recipient of the Shares proposed to be issued under that Resolution. The Company's remaining Directors do not have an interest in the outcome of Resolution 5, except where they are Shareholders. As set out in the proxy form, the chairman of the General Meeting intends to vote all undirected proxies in favour of Resolution 5.
- (k) John Main has an interest in the outcome of Resolution 6 as he is a recipient of the Shares proposed to be issued under that Resolution. The Company's remaining Directors do not have an interest in the outcome of Resolution 6, except where they are Shareholders. As set out in the

proxy form, the chairman of the General Meeting intends to vote all undirected proxies in favour of Resolution 6.

- (l) Neil MacLachlan has an interest in the outcome of Resolution 7 as he is a recipient of the Shares proposed to be issued under that Resolution. The Company's remaining Directors do not have an interest in the outcome of Resolution 7, except where they are Shareholders. As set out in the proxy form, the chairman of the General Meeting intends to vote all undirected proxies in favour of Resolution 7.
- (m) Inge Zaamwani-Kamwi has an interest in the outcome of Resolution 8 as she is a recipient of the Shares proposed to be issued under that Resolution. The Company's remaining Directors do not have an interest in the outcome of Resolution 8, except where they are Shareholders. As set out in the proxy form, the chairman of the General Meeting intends to vote all undirected proxies in favour of Resolution 8.
- (n) Alastair Clayton has an interest in the outcome of Resolution 9 as he is a recipient of the Shares proposed to be issued under that Resolution. The Company's remaining Directors do not have an interest in the outcome of Resolution 9, except where they are Shareholders. As set out in the proxy form, the chairman of the General Meeting intends to vote all undirected proxies in favour of Resolution 9.
- (o) Ron Chamberlain has an interest in the outcome of Resolution 10 as he is a recipient of the Shares proposed to be issued under that Resolution. The Company's remaining Directors do not have an interest in the outcome of Resolution 10, except where they are Shareholders. As set out in the proxy form, the chairman of the General Meeting intends to vote all undirected proxies in favour of Resolution 10.
- (p) The Company will incur no liabilities or costs in respect of the proposed issue of Shares to the Recipient Directors other than:
- (i) The fees payable to ASX for quotation of the Shares. At the rates applying at the date of this Notice, these fees would be approximately \$1,500;
 - (ii) A value equal to the weighted average trading price of shares on ASX in the five days immediately before the date of valuation, will be included as wages for the purposes of the Pay-roll Tax Act 2002 (WA), Pay-roll Tax Assessment Act 2002 (WA) and the Taxation Administration Act 2003 (WA). If this value in addition to the other wages that are taxable in the jurisdiction is in excess of the annual pay-roll tax threshold, the Company will have a liability in respect of pay-roll tax in that jurisdiction; and
 - (iii) The cost of the Shares, which will be expensed through the Company's income statement in accordance with Australian Accounting Standard AASB2 Share-based payments.
- (q) The number and valuation of the Shares proposed to be issued to the Recipient Directors is based upon the volume weighted average share

price (VWAP) of the Company in the 10 trading days prior to 20 April 2010, as set out in the table below:

Recipient Director	Number of Shares to be issued	Value (A\$)
Stephen Galloway	15,524	\$120,000
John Main	4,851	\$37,498
Neil MacLachlan	4,851	\$37,498
Inge Zaamwani-Kamwi	4,851	\$37,498
Alastair Clayton	1,808	\$13,976
Ron Chamberlain	1,037	\$8,016

- (r) Neither the Board nor the Company is aware of any other information that would reasonably be required by Shareholders in order to decide whether it is in the best interests of the Company to pass Resolutions 5 to 10 (inclusive), other than as stated in this Explanatory Statement.

5.3 **Listing Rule 10.11**

Listing Rule 10.11 also 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 ASX's opinion, such that approval should be obtained unless an exception in Listing Rule 10.12 applies.

It is the view of the Directors that the exceptions set out in Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought under Listing Rule 10.11 for the issue of Shares to the Recipient Directors.

5.4 **Listing Rule 7.1**

Approval pursuant to Listing Rule 7.1 is not required in order to issue the Shares to the Recipient Directors if approval is obtained under Listing Rule 10.11. Accordingly, the issue of Shares to the Recipient Directors will not be included in the 15% calculation of the Company's annual placement capacity pursuant to Listing Rule 7.1.

5.5 **Listing Rule Requirements**

Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting requesting shareholder approval under Listing Rule 10.11. In accordance with Listing Rule 10.13, the following information is provided to Shareholders in relation to Resolutions 5 to 10 (inclusive):

- (a) The maximum number of Shares that may be issued by the Company to the Recipient Directors is 32,922.

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- For personal use only
- (b) The Shares will be issued to the Recipient Directors no later than 1 month from the date of this General Meeting and it is intended that the allotment will occur on one date.
 - (c) The Shares will be issued to the Recipient Directors for no consideration and therefore no funds will be raised by the issue of Shares to the Recipient Directors.
 - (d) The Shares will, from the date of issue, rank pari passu with, and enjoy the same rights as, all other Shares in the Company on issue and the Company will apply for quotation of the Shares on ASX.
 - (e) Voting exclusion statements in respect of Resolutions 5 to 10 (inclusive) are in both the Notice of General Meeting and section 5.7 of this Explanatory Statement.

5.6 **Directors' Recommendations**

- (a) Stephen Galloway declines to make a recommendation to Shareholders in relation to Resolution 5 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 5, recommend that Shareholders vote in favour of Resolution 5 for the reasons set out in section 5.1 of this Explanatory Statement.
- (b) John Main 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, who do not have a material interest in the outcome of Resolution 6, recommend that Shareholders vote in favour of Resolution 6 for the reasons set out in section 5.1 of this Explanatory Statement.
- (c) Neil MacLachlan 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, who do not have a material interest in the outcome of Resolution 7, recommend that Shareholders vote in favour of Resolution 7 for the reasons set out in section 5.1 of this Explanatory Statement.
- (d) Inge Zaamwani-Kamwi declines to make a recommendation to Shareholders in relation to Resolution 8 due to her material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 8, recommend that Shareholders vote in favour of Resolution 8 for the reasons set out in section 5.1 of this Explanatory Statement.
- (e) Alastair Clayton declines to make a recommendation to Shareholders in relation to Resolution 9 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 9, recommend that Shareholders vote in favour of Resolution 9 for the reasons set out in section 5.1 of this Explanatory Statement.
- (f) Ron Chamberlain declines to make a recommendation to Shareholders in relation to Resolution 10 due to his material personal interest in the

outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 10, recommend that Shareholders vote in favour of Resolution 10 for the reasons set out in section 5.1 of this Explanatory Statement.

5.7 Voting Exclusion Statements

- (a) In accordance with section 224 of the Corporations Act, and Listing Rules 10.13 and 14.11, the Company will disregard any votes cast on Resolution 5 by Stephen Galloway or by an Associate of Stephen Galloway.

However, the Company need not disregard a vote on Resolution 5 if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the 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.

- (b) In accordance with section 224 of the Corporations Act, and Listing Rules 10.13 and 14.11, the Company will disregard any votes cast on Resolution 6 by John Main or by an Associate of John Main.

However, the Company need not disregard a vote on Resolution 6 if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the 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.

- (c) In accordance with section 224 of the Corporations Act, and Listing Rules 10.13 and 14.11, the Company will disregard any votes cast on Resolution 7 by Neil MacLachlan or by an Associate of Neil MacLachlan.

However, the Company need not disregard a vote on Resolution 7 if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the 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.

- (d) In accordance with section 224 of the Corporations Act, and Listing Rules 10.13 and 14.11, the Company will disregard any votes cast on Resolution 8 by Inge Zaamwani-Kamwi or by an Associate of Inge Zaamwani-Kamwi.

However, the Company need not disregard a vote on Resolution 8 if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the 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.

- (e) In accordance with section 224 of the Corporations Act, and Listing Rules 10.13 and 14.11, the Company will disregard any votes cast on Resolution 9 by Alastair Clayton or by an Associate of Alastair Clayton.

However, the Company need not disregard a vote on Resolution 9 if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the 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.

- (f) In accordance with section 224 of the Corporations Act, and Listing Rules 10.13 and 14.11, the Company will disregard any votes cast on Resolution 10 by Ron Chamberlain or by an Associate of Ron Chamberlain.

However, the Company need not disregard a vote on Resolution 10 if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the 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.

ENQUIRIES

Shareholders should contact the Company Secretary, Siobhan Lancaster, on (+61 8) 9367 2111 if they have any queries in respect of the matters set out in these documents.

6. **GLOSSARY**

\$ means Australian dollars.

ASX means ASX Limited ABN 98 008 624 691 trading as the Australian Securities Exchange.

ASIC means the Australian Securities and Investments Commission.

Associate means an associate as defined in section 9 of the Corporations Act, except that a reference to "Associate" in relation to a Listing Rule has the meaning given to it in Listing Rule 14.11.

Board means the board of Directors of the Company from time to time.

Company means Extract Resources Limited ABN 61 057 337 952.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company from time to time and **Director** means any one of them.

Eligible Employees means, in respect of the Performance Rights Plan, such employees of the Company or a Related Company, including executive Directors, or such other persons as the Board, in its discretion, determines.

Explanatory Statement means this explanatory statement which accompanies the Notice of General Meeting.

GBP means Great Britain pounds sterling.

General Meeting means the meeting convened by the Notice of General Meeting.

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

Notice of General Meeting means the Notice of General Meeting which accompanies this Explanatory Statement.

Participant means an Eligible Employee to whom a Performance Right can be granted under the Performance Rights Plan.

Performance Right means an entitlement to one Share, subject to vesting and satisfaction of any performance conditions, granted in accordance with the Performance Rights Plan.

Performance Rights Plan means the Extract Resources Limited Performance Rights Plan as amended from time to time.

Recipient Directors has the meaning given to it in section 5 of the Explanatory Statement.

Related Party means a related party as defined in section 228 of the Corporations Act.

Resolution means a resolution set out in the Notice of General Meeting.

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

Shareholder means a holder of a Share.

Vesting Conditions means one or more conditions, including time or performance conditions, as determined by the Board in its discretion and advised to a Participant at the time of grant of the Performance Right.

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

Schedule 1 - Summary of the material rules of the Extract Resources Ltd Performance Rights Plan

The rules of the Performance Rights Plan enable participation by all Eligible Employees as determined by the Board. Such employees will be offered the opportunity to acquire Performance Rights.

Subject to the approval of the Board, Eligible Employees may renounce an offer in favour of their spouse, a body corporate in which they hold not less than 50% of the issued voting share capital, the trustee of a trust in which they are a beneficiary, the trustee of a superannuation fund in which they are a member, or such other person as the Board in its discretion determines.

The Performance Rights enable Participants to acquire ordinary Shares in Extract. The Board has the discretion to determine the terms and conditions of an offer of Performance Rights under the Performance Rights Plan.

Performance Rights offered under the Performance Rights Plan may be subject to Vesting Conditions as determined by the Board and specified in various offer documents that are provided to Eligible Employees. The Board has discretion to waive Vesting Conditions.

Unless otherwise determined by the Board, no amount is payable upon the grant or the issue of a Share following the vesting of a Performance Right. Performance Rights cannot be transferred without the prior approval of the Board. Performance Rights will be forfeited if any Vesting Conditions are not or cannot be satisfied by the end of the applicable vesting period. Unvested Performance Rights will also be forfeited if a Participant commits fraud, defalcation, gross misconduct or a serious breach of obligations in relation to Extract's affairs.

On a date (to be no later than 60 days after the end of the relevant vesting period) on which the Board determines that the Vesting Conditions in relation to a Performance Right are satisfied, the Board will give the Participant a vesting notice and will procure that a Participant is issued with the number of Shares specified in the vesting notice. The Board has a discretion to impose disposal restrictions on Shares issued upon exercise of Performance Rights. Participants will have full entitlements attaching to ordinary shares when acquired.

If a change of control transaction occurs, the Board has certain discretions under the Performance Rights Plan rules in determining how to deal with the unvested Performance Rights.

The Board has determined that, if a change of control transaction occurs at any time during the relevant vesting period of the Performance Rights, the Performance Rights will vest and the Participant will automatically be issued with a corresponding number of Shares, subject to an overriding Board discretion taking into account individual performance and the nature of the change of control transaction.

If a Participant ceases to be employed by the Company at any time prior to completion of the applicable vesting period, the Performance Rights granted to him/her will lapse.

The number of Shares which may be issued under the Performance Rights Plan is subject to a cap of 5% of the Company's issued share capital, calculated in accordance with the Performance Rights Plan rules.

In the event of capital reorganisations, bonus issues, rights issues or special distributions, the Performance Rights are subject to adjustments as to the number of shares that equate to each Performance Right.

Each Participant appoints the Company and other specified persons as his/her attorney to give effect to the Performance Rights Plan rules.

If the Board determines that the laws of a particular jurisdiction require an offer under the Performance Rights Plan to be made subject to certain terms and conditions, the Board may direct that for the purpose of that jurisdiction the Performance Rights Plan rules will be read subject to those terms and conditions as specified in an addendum to the Performance Rights Plan rules.

Subject to certain limitations, the Board has the ability to amend the Performance Rights Plan rules at any time.

For personal use only



By mail:
Extract Resources Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309



All enquiries to: Telephone: 1300 554 474 Overseas: +61 2 8280 7761



X99999999999

SHAREHOLDER VOTING FORM

I/We being a member(s) of Extract Resources Limited and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

the Chairman
of the Meeting
(mark box)

OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy and to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held at 10:00am (WST) on Tuesday, 22 June 2010, at the Perth Zoo Conference Centre - Theatre Room, 20 Labouchere Road, South Perth WA 6151 and at any adjournment or postponement of the meeting.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting.

Please read the voting instructions overleaf before marking any boxes with an

STEP 2

VOTING DIRECTIONS

	For	Against	Abstain*		For	Against	Abstain*
Resolution 1 Re-election of Alastair Clayton as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 6 Approval of issue of shares to John Main	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Ron Chamberlain as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 7 Approval of issue of shares to Neil MacLachlan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Approval of Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 8 Approval of issue of shares to Inge Zaamwani-Kamwi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Approval of grant of performance rights to Jonathan Leslie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 9 Approval of issue of shares to Alastair Clayton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Approval of issue of shares to Stephen Galloway	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 10 Approval of issue of shares to Ron Chamberlain	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

STEP 3

IMPORTANT - VOTING EXCLUSIONS

If the Chairman of the Meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of Item 5 above, please place a mark in this box. By marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even though he/she has an interest in the outcome of that Item and that votes cast by him/her for that Item, other than as proxyholder, 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 Chairman of the Meeting will not cast your votes on Item 5 and your votes will not be counted in calculating the required majority if a poll is called on this Item.
The Chairman of the Meeting intends to vote undirected proxies in favour of Item 5.

STEP 4

SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

EXT PRX002

HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the company. A proxy may be an individual or a body corporate.

Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form and return them both together.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by 10:00am (WST) on Sunday, 20 June 2010, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Select the 'Proxy Voting' option on the top right of the home page. Choose the company you wish to lodge your vote for from the drop down menu, enter your holding details as shown on this form, and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).



by mail:

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Sydney South NSW 1235
Australia



by fax:

+61 2 9287 0309



by hand:

delivering it to Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together.

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) 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. Please indicate the office held by signing in the appropriate place.

Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the company's share registry.

If you would like to attend and vote at the Extraordinary General Meeting, please bring this form with you.
This will assist in registering your attendance.