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**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**An Extraordinary General Meeting of the Company will be held at the Geoff Harris Room, offices of PKF, Level 10, 1 Margaret Street, Sydney, NSW on 16 September 2011 at 11.30am (AEST).**

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This Notice of Extraordinary 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.



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## IMPORTANT NOTICE

You should read the Notice of Meeting in its entirety before making a decision as to how to vote at the Meeting.

A copy of the Notice of Meeting has been lodged with ASX and ASIC.

### Key Dates

<b>Date and time for lodgement of proxies:</b>	11.30am on 14 September 2011 (AEST)
<b>Date and time of Meeting:</b>	11.30am on 16 September 2011 (AEST)

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## CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Shareholder

It gives me pleasure to submit this notice of General Meeting.

As shareholders may be aware, on 4 February 2011, the Company announced that it had entered into a heads of agreement with its major shareholder, Exchange Minerals Limited, in relation to the Austrian Lithium Project. As indicated in the announcement, the Directors believe that this acquisition (if consummated) should be a transforming event for the Company and should provide considerable value to shareholders. In preparation for this proposed acquisition, a number of initiatives have been undertaken by the Directors, including the appointment as a Director of Tony/ (Anthony) Roberts, who is an experienced mining engineer, and the appointment of Lynton McCreery as Company Secretary.

The purpose of the General Meeting is to approve the following:

1. the issue of 5,190,000 options pursuant to the recently completed Placement;
2. ratification of the options issued under the recently completed Placement;
3. an amendment to the terms of options that have previously been issued to Directors;
4. the issue of options to Tony Roberts;
5. the issue of 60,000 options to myself pursuant to participation in the recently completed Placement;
6. the issue of CR Shares to Directors; and
7. the provision of financial assistance in relation to the funding of the acquisition of CR Shares by Directors.

Resolutions 1 and 2 are as a result of the recently completed Placement by the Company, which was necessary to provide funds for working capital and for the preliminary stages of the Austrian Lithium Project. Resolution 3 relates to amendments to the terms of options previously issued to Directors. Resolutions 4, 5 and 6 relate to the issue of a number of Securities to Directors. Resolution 7 relates to the provision of financial assistance to allow the Company to make available interest free loans to the Directors in respect of their subscription for CR Shares.

I make the following comments in relation to the proposed issue of the options to Tony Roberts pursuant to Resolution 4 and CR Shares to the Directors and funding of these CR Shares pursuant to Resolutions 6 and 7:

1. the Securities to be issued to Mr Tony Roberts are part of his remuneration package agreed by Directors at the time of his appointment. The Securities proposed to be issued to him are in line with those approved previously by shareholders for other Directors in November 2010;
2. it is important for Directors to have an incentive to ensure maximum performance and to reward considerable efforts required in relation to the Austrian Lithium Project. The issue of the 32,000,000 CR Shares to the Directors is considered to be part of this incentive/reward. In addition to the above, it is noted that further Securities are proposed to be issued to incoming Directors;
3. given the quantum involved in funding the acquisition of the CR Shares, financial assistance has been sought. Having the Directors fund the acquisition of the CR Shares in the short to medium term would place undue financial pressure on them, which is not a position that is in the best interests of not only the Directors, but also, shareholders, as Directors may become less focused on the job in hand, which is to create wealth;

4. the Directors will be expected to spend a considerable amount of time away from home in order to undertake the Austrian Lithium Project and this is at a real cost to both them personally and their family; and
5. should all the Directors elect to convert their CR Shares into Fully Paid Shares, this will result in a significant amount of money being injected into the Company.

I would also like to add that we have spoken with our major shareholder, Exchange Minerals Limited and it is supportive of each of the initiatives set out in this notice of meeting.

Unfortunately, I will not be able to attend this Meeting and it is proposed that Mr Chalabian will chair most of the forthcoming Meeting. However, I will be present for the meeting relating to the approval of the proposed acquisition of the Austrian Lithium Project.

Yours sincerely

**Nigel Little**

Chairman

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

**Notice is hereby given** that an Extraordinary General Meeting of shareholders of East Coast Minerals NL ABN 82 000 738 885 (**Company**) will be held at the Geoff Harris Room, offices of PKF, Level 10, 1 Margaret Street, Sydney, NSW on 16 September 2011 at 11.30am (AEST) (**General Meeting**).

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

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Schedule 1.

### AGENDA

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#### 1. Resolution 1 - Approval to issue Placement Options

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

*"That, for the purposes of ASX Listing Rule 7.1 and all other purposes, approval is given for the grant and issue, within three months of the date of this resolution, of 5,190,000 options to acquire 5,190,000 fully paid ordinary shares in the capital of the Company on the terms and conditions set out in the Explanatory Memorandum."*

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#### 2. Resolution 2 - Ratification of issue of Placement Options

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

*"That, for the purposes of ASX Listing Rule 7.1 and 7.4 and for all other purposes, the Shareholders hereby approve and ratify the grant and issue of 38,500,000 options to acquire fully paid ordinary shares in the capital of the Company to the persons, for the purposes and on the terms and conditions set out in the Explanatory Memorandum."*

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#### 3. Resolution 3 - Approval to amend the terms of options issued to the Directors

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

*"That, for the purposes of ASX Listing Rule 6.23.4 and all other purposes, approval is given to:*

*4.1 amend the terms of the 5,000,000 options granted and issued to Edward Mead on 8 December 2010 (as approved by ordinary resolution of the Company at its Annual General Meeting on 29 November 2010) to provide that the options are transferable;*

*4.2 amend the terms of the 2,000,000 options granted and issued to Sevag Chalabian on 8 December 2010 (as approved by ordinary resolution of the Company at its Annual General Meeting on 29 November 2010) to provide that the options are transferable; and*

*4.3 amend the terms of the 5,000,000 options granted and issued to the former Chairman of the Company, Mr Graham Libbesson on 8 December 2010 (as approved by ordinary resolution of the Company at its Annual General Meeting on 29 November 2010) to provide that the options are transferable."*

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**4. Resolution 4 - Approval of issue of options to Tony/ (Anthony) Roberts - a Director**

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

*"That, for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 of the ASX Listing Rules and for all other purposes approval is given for the Company to grant, issue and allot 5,000,000 options to acquire 5,000,000 fully paid ordinary shares in the capital of the Company to Tony/(Anthony) Roberts or any Associate of his which is a company, trust, person or superannuation scheme owned by, controlled by, associated with or established for the benefit of any member of the family of Tony/(Anthony) Roberts on the terms and conditions set out in the Explanatory Memorandum."*

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**5. Resolution 5 - Approval of issue of options to Nigel Little - a Director**

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 10.11 of the ASX Listing Rules and for all other purposes, approval is given for the Company to grant, issue and allot 60,000 options to acquire 60,000 fully paid ordinary shares in the capital of the Company to Nigel Little and his family members on the terms and conditions set out in the Explanatory Memorandum."*

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**6. Resolution 6 - Approval of issue of Convertible Redeemable Shares to Directors**

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

*"That, for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 of the ASX Listing Rules and for all other purposes, approval is given for the Company to issue and allot the following convertible redeemable shares in the capital of the Company (having the terms set out in the attached Explanatory Memorandum) to the Directors of the Company:*

- 6.1 10,000,000 convertible redeemable shares to Nigel Little or any Associate which is a company, trust, person or superannuation scheme owned by, controlled by, associated with or established for the benefit of any member of the family of Nigel Little on the terms and conditions set out in the Explanatory Memorandum;*
- 6.2 10,000,000 convertible redeemable shares to Tony/ (Anthony) Roberts or any Associate which is a company, trust, person or superannuation scheme owned by, controlled by, associated with or established for the benefit of any member of the family of Tony/(Anthony) Roberts on the terms and conditions set out in the Explanatory Memorandum;"*
- 6.3 10,000,000 convertible redeemable shares to Edward Mead or any Associate which is a company, trust, person or superannuation scheme owned by, controlled by, associated with or established for the benefit of any member of the family of Edward Mead on the terms and conditions set out in the Explanatory Memorandum."*



- 6.4 *2,000,000 convertible redeemable shares to Sevag Chalabian or any Associate which is a company, trust, person or superannuation scheme owned by, controlled by, associated with or established for the benefit of any member of the family of Sevag Chalabian on the terms and conditions set out in the Explanatory Memorandum."*

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**7. Resolution 7 – Approval of financial assistance and financial benefit to Directors in respect of the loans to acquire Convertible Redeemable Shares**

To consider and, if thought fit, to pass, with or without amendment, the following resolutions as **ordinary resolutions** (except in the case of resolution 7.2 below, which shall be by way of a special resolution):

- 7.1 *"That, for the purposes of Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to grant a loan to each Director of the Company (on the terms set out in the attached Explanatory Memorandum) in connection with the acquisition by the Directors of 32,000,000 convertible redeemable shares of the Company, which shares are to be acquired, in the manner detailed in the attached Explanatory Memorandum."*
- 7.2 *That, subject to due compliance with the procedures set out in section 260B of the Corporations Act 2001 (Cth), the Company be and is authorised to give financial assistance for and in connection with the acquisition by the Directors of 32,000,000 convertible redeemable shares of the Company, which shares are to be acquired, in the manner detailed in the attached Explanatory Memorandum."*

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## VOTING EXCLUSION STATEMENTS

Under ASX Listing Rule 14.11, the Company will disregard any votes cast on the Resolutions by the following persons:

RESOLUTION	PERSONS EXCLUDED FROM VOTING
1 - Approval to issue Placement Options	<ul style="list-style-type: none"><li>• Any person who may participate in the proposed issue of Placement Options;</li><li>• Any person who might obtain a benefit (other than a benefit solely in the capacity of a holder of Fully Paid Shares) if the resolution is passed; and</li><li>• Any of their Associates</li></ul>
2 - Ratification of issue of Placement Options	<ul style="list-style-type: none"><li>• A person who participated in the issue of Placement Options; and</li><li>• Any of their Associates</li></ul>
3 - Approval to amend terms of options issued to Directors and a former Director	<ul style="list-style-type: none"><li>• Resolution 3.1 - Edward Mead;</li><li>• Resolution 3.2 - Sevag Chalabian;</li><li>• Resolution 3.3 - Graham Libbesson; and</li><li>• Any of their Associates</li></ul>
4 - Approval of issue of Securities to Tony/(Anthony) Roberts	<ul style="list-style-type: none"><li>• Tony/(Anthony) Roberts; and</li><li>• Any of his Associates</li></ul>
5 - Approval of issue of Securities to Nigel Little	<ul style="list-style-type: none"><li>• Nigel Little; and</li><li>• Any of his Associates</li></ul>
6 - Approval of issue of CR Shares to Directors	<ul style="list-style-type: none"><li>• Resolution 6.1 – Nigel Little</li><li>• Resolution 6.2 - Tony/(Anthony) Roberts</li><li>• Resolution 6.3 - Edward Mead</li><li>• Resolution 6.4 - Sevag Chalabian</li><li>• Any person who might obtain a benefit (other than a benefit solely in the capacity of a holder of Fully Paid Shares) if the resolution is passed; and</li><li>• Any of their Associates</li></ul>
7 - Approval of the provision of loans to the Directors to acquire CR Shares	<ul style="list-style-type: none"><li>• Nigel Little, Tony/(Anthony) Roberts, Edward Mead, and Sevag Chalabian; and</li><li>• Any of their Associates.</li></ul>

However, the Company need not disregard a vote if:

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

## **DETERMINATION OF MEMBERSHIP AND VOTING ENTITLEMENT**

For the purpose of determining a person's entitlement to vote at the Meeting, a person will be recognised as a Shareholder and the holder of Shares if that person is registered as a holder of those Shares at 11.30am AEST on 16 September 2011. Fully Paid Shares are listed and have full voting rights. Partly Paid Shares are not listed and have proportional voting rights based on the proportion of the capital paid up.

### **How to Vote**

You may vote at the Meeting by attending the Meeting in person or by proxy.

- on a show of hands, each Shareholder has one vote. On a poll each Shareholder has one vote for each Fully Paid Share held and a fraction of a vote for each Partly Paid Share proportionate to the amount paid up on each Partly Paid Share (see rule 26.1(b) of the Company's Constitution.
- to vote in person you must attend the Meeting on 16 September 2011 at 11.30am (AEST), which is to be held at the Geoff Harris Room, offices of PKF, Level 10, 1 Margaret Street Sydney, NSW, 2000.
- if you wish to vote by proxy, your proxy form must be received by the Company no later than 11.30am on 14 September 2011 (AEST).

### **Proxies**

Please note that:

- (a) a Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote instead of the Shareholder;
- (b) where the Shareholder is entitled to cast two or more votes, the Shareholder may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise;
- (c) if the Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholders votes each proxy may exercise half of the votes. Any fractions of votes brought about by the apportionment of a proxy will be disregarded;
- (d) a proxy need not be a Shareholder;
- (e) any instrument of proxy deposited or received at the registered office of the Company in which the name of the appointee is not filled in, will be deemed to be given in favour of the chairman of the Meeting;
- (f) to be effective the instrument appointing a proxy (and power of attorney or other authority, if any, under which it is signed or a certified copy of the power of authority) must be deposited at the corporate office of the Company being Level 10, 1 Margaret Street, Sydney, NSW 2000 or be received by facsimile on facsimile number (02) 9262 2885 not less than 48 hours before the time for holding the Meeting or for the holding of any adjournment of the adjourned meeting with respect to the Meeting;
- (g) a proxy form containing further details on appointing proxies and lodging proxy forms accompanies this Notice.

**Enquiries**

If you have any questions in relation to the Resolutions to be considered at the Meeting, please email Lynton McCreery, the Company Secretary at [lynton@eastcoastminerals.com](mailto:lynton@eastcoastminerals.com).

By order of the Board

Lynton McCreery

Secretary

Date: 10 August 2011

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## Explanatory Memorandum

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business specified to be conducted at the General Meeting to be held at the Geoff Harris Room, offices of PKF, Level 10, 1 Margaret Street, Sydney, NSW on 16 September 2011 at 11.30am (AEST).

The Directors recommend that Shareholders read this Explanatory Memorandum in full in conjunction with the accompanying Notice of which this Explanatory Memorandum forms a part.

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### 1. Resolution 1 - Approval to issue Placement Options

On 28 February 2011, the Company allotted and issued 87,500,000 Shares at an issue price of 3.0 cents per Share and 38,500,000 free attaching options for nil grant price to sophisticated investors (within the meaning of section 708 of the Corporations Act) to raise A\$2.625 million (**Placement**). The issue by the Company of 200,000,000 Securities for the purpose of the Placement was approved by an ordinary resolution of Shareholders at the Extraordinary General Meeting of the Company held on 29 November 2010. The 87,500,000 Shares issued under the Placement at an issue price of 3.0 cents per Share, were issued pursuant to this approval.

The funds raised by the Company from the Placement are being applied to assist in the acquisition of the Austrian Lithium Project and to rectify the Company's weak working capital position.

Under the terms of the Placement, investors were to be issued one free attaching option (to acquire one Fully Paid Share) for every two Shares subscribed for under the Placement.

Under the Placement, investors subscribed for 87,500,000 Shares resulting in an obligation on the Company issue a total of 43,750,000 options to the Placement investors (**Placement Options**).

At or around the date of the Placement, 38,500,000 of the Placement Options were issued to Placement investors utilising the 15% capacity permitted by ASX Listing Rule 7.1. Ratification of this issue is sought by Resolution 2. Under Resolution 1, the Directors are seeking the approval of shareholders to issue 5,190,000 of the Placement Options to Placement investors. Shareholder approval for the issue of the remaining 60,000 Placement Options, which are proposed to be issued to Mr Nigel Little, is being sought pursuant to Resolution 5.

#### ASX Listing Rules information requirements

The Company seeks Shareholder approval of the grant and issue of 5,190,000 Placement Options to ensure compliance with and for the purpose of ASX Listing Rule 7.1.

ASX Listing Rule 7.1 provides that the Company cannot issue or agree to issue equity securities (which include options or shares) without shareholder approval where the number of equity securities issued or agreed to be issued in the preceding 12 month period and any new issue of equity securities exceeds 15% of the number of equity securities on issue at the beginning of the preceding 12 month period (increased by any issues undertaken in that period with Shareholder approval or under an exception to Listing Rule 7.1).

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The effect of Resolution 1, if passed, will be that the grant and issue of the 5,190,000 Placement Options required under the terms of the Placement will not be counted as reducing the number of equity securities which the Company can issue without Shareholder approval. This will allow the Company to issue the Placement Options and provide it with flexibility during the next 12 month period to issue further equity securities under the 15% capacity permitted by ASX Listing Rule 7.1 to raise further capital if required.

### **ASX Listing Rule Disclosure Requirements**

In accordance with ASX Listing Rule 7.3, the following information is provided for the purpose of Resolution 1:

- (a) *The maximum number of equity securities the entity is to issue*
- the maximum number of Placement Options to be issued pursuant to Resolution 1 is 5,190,000;
- (b) *The date by which the entity will issue the equity securities*
- The Placement Options will be issued by the Company no later than three months after the date of the Meeting, or such later date as may be approved by ASX.
- (c) *The issue price of the securities*
- The Placement Options are free attaching options and will be granted and issued for nil cash consideration.
- The exercise price of each Placement Option is four (4) cents.
- (d) *The names of the allottees (if known) or the basis upon which the allottees will be identified or selected*
- The allottees will be a number of the sophisticated investors who participated in the Placement.
- (e) *The terms of the securities*
- The Placement Options will be issued on the terms set out in Schedule 2 to this Explanatory Memorandum.
- (f) *The intended use of the funds raised*
- There will be no funds raised on the grant and issue of the Placement Options.
- If all of the 5,190,000 Placement Options issued under Resolution 1 are exercised in accordance with their terms, A\$207,600 of capital will be raised which the Company intends to use in accordance with the Company's funding requirements at the time the options are exercised.
- (g) *The dates of allotment or a statement that allotment will occur progressively but, within the three month time limit specified in paragraph (b) above*
- The Placement Options to be granted and issued under Resolution 1 will be allotted progressively.

## **Directors' recommendation**

The Directors unanimously recommend Shareholders vote in favour of Resolution 1 as it will enable the Company to complete the Placement and secure the completion of the capital raising of A\$2.625 million and consequently improve the financial position of the Company. The failure to secure the Placement will prejudice the Company's ability to continue as a going concern.

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## **2. Resolution 2 - Ratification of issue of Placement Options**

As noted in Resolution 1 above and pursuant to the terms of the Placement, on 28 February 2011, the Company allotted and issued 87,500,000 Shares at an issue price of 3.0 cents per Share and 38,500,000 Placement Options to sophisticated investors (within the meaning of section 708 of the Corporations Act) to raise A\$2.625 million. The issue of 200,000,000 securities for the purpose of the Placement was approved by an ordinary resolution of Shareholders at the Extraordinary General Meeting of the Company held on 29 November 2010. The 87,500,000 Shares issued at an issue price of 3.0 cents per Share under the Placement were issued by the Company pursuant to this approval.

The funds raised by the Placement are being applied to assist in the acquisition of the Austrian Lithium Project and to rectify the Company's weak working capital position.

Under the terms of the Placement, investors were to be issued one Placement Option for every two Shares subscribed for under the Placement.

Under the Placement, investors subscribed for 87,500,000 Shares, resulting in the Company being obliged to issue a total of 43,750,000 Placement Options to those investors.

At or around the date of the Placement, the Company issued 38,500,000 Placement Options utilising the 15% capacity permitted by ASX Listing Rule 7.1. Ratification of this issue of Placement Options is sought by this Resolution 2.

### **ASX Listing Rules information requirements**

ASX Listing Rule 7.1 provides that the Company cannot issue or agree to issue equity securities (which include options or shares) without Shareholder approval, where the number of equity securities issued or agreed to be issued in the preceding 12 month period and the new issue exceeds 15% of the number of equity securities of the Company on issue at the beginning of the preceding 12 month period (increased by any issues undertaken in that period with Shareholder approval or under an exception to Listing Rule 7.1).

ASX Listing Rule 7.4 states that an issue by a company of securities made without approval under ASX Listing Rule 7.1 is treated as having been made with approval for the purpose of ASX Listing Rule 7.1 if the issue did not breach ASX Listing Rule 7.1 and the company's members subsequently approve the issue of those securities.

The effect of Resolution 2, if passed by shareholders, will be to obtain the relevant approval for the issue of the 38,500,000 Placement Options for the purposes of Listing Rule 7.1 and thereby "refresh" the number of securities which the Company will have the ability to issue utilising ASX Listing Rule 7.1.

## ASX Listing Rule Disclosure Requirements

In accordance with ASX Listing Rule 7.5, the Company provides the following information to Shareholders for the purpose of Resolution 2:

(a) *The number of equity securities issued:*

The Company issued 38,500,000 Placement Options on 28 February 2011 for nil consideration;

(b) *The issue price of the securities:*

The Placement Options are free attaching options and were granted and issued for nil cash consideration.

The exercise price of each Placement Option is four (4) cents.

(c) *The terms of the securities*

The Placement Options were issued on the terms set out in Schedule 2 to this Explanatory Memorandum.

(d) *The names of the allottees or the basis on which allottees were determined*

The Placement Options were issued to sophisticated investors within the meaning of section 708 of the Corporations Act.

(e) *The intended use of the funds raised*

There were no funds raised on the grant and issue of the Placement Options.

If all of the 38,500,000 Placement Options are exercised in accordance with their terms, A\$1,540,000 of capital will be raised which the Company intends to use in accordance with the Company's funding requirements at the time the Placement Options are exercised.

### Directors' recommendation

The Directors unanimously recommend Shareholders vote in favour of Resolution 2 on the same basis as their recommendation for Resolution 1.

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## 3. Resolution 3 - Approval to amend the terms of options issued to the Directors

### Background

At the Annual General Meeting of the Company held on 29 November 2010, Shareholders approved the issue of options to Graham Libbesson, Edward Mead and Sevag Chalabian (**2010 Directors' Options**). Those options were subsequently issued to Graham Libbesson, Edward Mead and Sevag Chalabian on 8 December 2010.

At the time of the resolution approving the issue of the 2010 Directors' Options, the Directors had intended that the terms attaching to those options would allow for the options be transferable. However, the terms of the 2010 Directors' options circulated to, and subsequently approved by, Shareholders contained a statement that the options to be issued were, in each case, not transferable.



The Directors are now seeking the consent of Shareholders to amend the terms of the 2010 Directors' Options issued to Mr Libbesson, Mr Mead and Mr Chalabian as follows:

*Existing term of 2010 Directors' Options*

'The Options will not be transferable.'

*New term of 2010 Directors' Options*

'The Options are transferable.'

The remaining terms of the 2010 Directors' Options are unchanged.

ASX Listing Rule 6.23.4 permits the alteration of the terms attaching to options issued by the Company with the approval (by way of ordinary resolution) of the Shareholders of the Company.

**Directors' Recommendation**

The Directors (excluding Mr Mead and Mr Chalabian) are in support of the alteration of the terms of the 2010 Directors' Options issued to their fellow Directors and accordingly recommend that Shareholders vote in favour of the resolution.

Each of Mr Chalabian and Mr Mead will abstain from making a recommendation on the alteration of the terms of his own 2010 Directors' Options as he is materially interested in the outcome of such resolution. Mr Libbesson is retired from the Board and accordingly, has not been asked to make a recommendation with respect to the resolution.

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**4. Resolution 4 – Approval of issue of options to Tony/ (Anthony) Roberts - a Director**

**Background**

It is proposed that the Company issue 5,000,000 options to acquire 5,000,000 Fully Paid Shares to Mr Tony/(Anthony) Roberts or to any Associate of his which is a company, trust, person or superannuation scheme owned by, controlled by, associated with or established for the benefit of, any member of the family of Mr Tony/(Anthony) Roberts, as part of the incentive arrangements of Mr Tony/(Anthony) Roberts in his position as strategic and operational manager of the Company and as an executive director of the Company.

**ASX Listing Rule 10.11**

ASX Listing Rule 10.11 requires Shareholder approval where a company proposes to issue securities to a related party, unless an exemption from this requirement is available pursuant to ASX Listing Rule 10.12. Directors of a company and any entities associated with them are regarded as related parties for these purposes.

As Mr Tony/ (Anthony) Roberts is a director of the Company, the proposed issue of options to him requires shareholder approval under ASX Listing Rule 10.11. No exemption to this requirement is available under ASX Listing Rule 10.12.

If approval for the issue of the options to Mr Tony/ (Anthony) Roberts is given by the Shareholders of the Company under Listing Rule 10.11, approval for the issue is not required under Listing Rule 7.1.

## Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- prior shareholder approval is obtained to the giving of the financial benefit to the related party.

A Director of the Company and any entities associated with that Director are regarded as related parties of the Company for the purpose of Chapter 2E of the Corporations Act. The issue of shares or options in the Company to a Director will be regarded as the giving of a financial benefit for the purpose of Chapter 2E of the Corporations Act.

As none of the exceptions to shareholder approval under Chapter 2E of the Corporations Act apply with respect to the giving of the related party benefit to Mr Tony/(Anthony) Roberts (being the issue of the options to him), shareholder approval for the issue of those options is being sought from the Shareholders pursuant to Chapter 2E of the Corporations Act.

The Company has engaged PKF to prepare a valuation of the options that are proposed to be issued to Mr Tony/ (Anthony) Roberts.

In accordance with section 218 of the Corporations Act, the Company has lodged a copy of this Notice with ASIC.

### Explanatory Information

On the basis that Shareholder approval for the issue of the options to Mr Tony/ (Anthony) Roberts is required pursuant to ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act, the information set out below is provided to Shareholders in accordance with the requirements of ASX Listing Rule 10.13 and section 219 of the Corporations Act (including ASIC Regulatory Guide 76 - Related Party Transactions):

(a) *The securities will be granted as follows:*

5,000,000 options to acquire 5,000,000 Fully Paid Shares will be issued to Mr Tony/(Anthony) Roberts or any Associate of Mr Tony/(Anthony) Roberts which is a company, trust, person or superannuation scheme owned by, controlled by, associated with or established for the benefit of any member of the family of Tony/(Anthony) Roberts.

(b) *Maximum number of securities to be issued:*

5,000,000 options to acquire 5,000,000 Fully Paid Shares.

(c) *Date by which securities will be issued:*

The options will be issued within one month from the date of the Meeting.

Subject to the terms and conditions of the options (set out in Schedule 3), Fully Paid Shares to be issued pursuant to the exercise of the options will be issued on application by Mr Tony/(Anthony) Roberts or an Associate of Mr Tony/(Anthony) Roberts entitled to exercise the options at any time from the date that is 60 days after the date on which any trade in the Company's Shares recorded on the ASX (other than a trade by the Director) equals or is greater than 6 cents a Share until 31 December 2013.

It is noted that, at the Share trading price prevailing at or around the date of issue of this notice of meeting, the options are significantly "in the money", as the share trading hurdle of the Company's Shares (of 6 cents per Share) will most likely be met immediately upon issue of the options.

Notwithstanding this fact, the proposal to issue 5,000,000 options to acquire 5,000,000 Fully Paid Shares was formulated as part of Mr Roberts' remuneration arrangements when joining the Company in November 2010. At the time of his joining the Company, the trading prices of Fully Paid Shares were much lower, due to the nature of the Company's operations and state of affairs. Mr Roberts has made a significant contribution to the Company since joining the Company and this has contributed to the recent increase in the Company's share trading price.

(d) *Issue price of securities:*

The options will be granted for nil cash consideration.

The Fully Paid Shares which will be issued on the exercise of options will be issued for 4 cents per Share.

The options will be issued on the terms and conditions set out in Schedule 3.

(e) *The intended use of the funds:*

There will be no funds raised from the initial issue and grant of the options.

Should the options become exercisable and all the options be exercised by the relevant holder, the Company will raise \$200,000 of additional capital. It is currently proposed that any amounts raised by the Company from the exercise of the options will be used to assist with the following:

- (i) the financing of the proposed Austrian Lithium Project;
- (ii) the expansion of the operations of the Company, through the acquisition of additional tenements or projects;
- (iii) the ongoing working capital requirements of the Company; and
- (iv) the financing of further exploration and development on tenements held by the Company, indirect investments by the Company in mineral, and/or oil and gas exploration and/or production and other opportunities designed to strengthen the revenue base of the Company (in line with the Company's investment strategy).

(f) *The related parties to whom the proposed Resolution would permit the financial benefit to be given:*

The related parties are Mr Tony/(Anthony) Roberts or any Associate of Mr Tony/(Anthony) Roberts which is a company, trust, person or superannuation scheme owned by, controlled by, associated with or established for the benefit of any member of the family of Mr Tony/(Anthony) Roberts.

(g) *Directors' recommendation:*

The Board currently consists of Mr Nigel Little (Non-executive Chairman), Mr Tony/ (Anthony) Roberts (Executive Director), Mr Edward Mead (Executive Director) and Mr Sevag Chalabian (Non-executive Director).

The purpose of the grant of the options is to provide to Tony/(Anthony) Roberts with an incentive to provide his continued commitment to the Company and to meet the Company's obligations to Mr Roberts to issue the options (which were agreed between him and the Company at the time he joined the Company, but which were always subject to Shareholder approval) when joining the Company.

The independent Directors (Mr Mead, Mr Chalabian and Mr Little), consider that the number and terms of the options to be issued by the Company to Mr Tony/(Anthony) Roberts under this proposal, constitutes an appropriate number of Securities to adequately incentivise Mr Tony/(Anthony) Roberts in his capacity as an executive Director of the Company in light of his skill, experience and reputation and when considered together with the other remuneration payable to him by the Company in respect of his role as an executive Director.

On this basis, the independent Directors recommend that Shareholders vote in favour of Resolution 4.

None of the independent Directors has an interest in the outcome of Resolution 4.

Tony/(Anthony) Roberts abstains from making a recommendation to Shareholders as he has a material personal interest in the outcome of Resolution 4, being the recipient of the options. In addition, Mr Tony/(Anthony) Roberts was excluded from any Board deliberations relating to the proposed issue of the options and he and each of his Associates are excluded from voting on Resolution 4.

(h) *Dilution:*

The approval by Shareholders of Resolution 4 will have the effect of granting in total 5,000,000 options to acquire 5,000,000 Fully Paid Shares on the terms and conditions set out in Schedule 3.

As at the date of this Notice, the total number of Fully Paid Shares on issue in the Company is 268,886,586 and the total number of Partly Paid Shares on issue in the Company is 40,967,538, which have a voting power of 2/8ths for each Share (which, in turn, equates to a voting power of 10,241,885 Fully Paid Shares). On this basis, if the 5,000,000 options to acquire 5,000,000 Fully Paid Shares become exercisable and are fully exercised (resulting in the issue of 5,000,000 new Fully Paid Shares) and no further Shares in the Company are issued prior to the date of exercise of all of the options into Fully Paid Shares, the effect would be to dilute the shareholdings of existing Shareholders as a whole by approximately 1.79%.

The dilution effects of the proposal noted in the paragraph above will only occur to the extent that the options become exercisable and are fully exercised by the holder of the options in accordance with their terms. As noted above, the exercise of the options is dependent on there being a trade (other than that of a Director) in the Company's Shares recorded on the ASX prior to 31 December 2013 which is equal to or greater than 6 cents a Share and the satisfaction of any other exercise conditions set out in Schedule 3.

(i) *Total Remuneration and fees paid to Directors or associated Companies:*

The total fee received by Mr Tony/(Anthony) Roberts and/or his consulting company for the executive services provided to the Company is \$300,000 per annum (excluding GST). Additionally, Mr Tony/(Anthony) Roberts is entitled to be reimbursed for any reasonable expenses incurred by him in performing his duties to the Company.

(j) *Existing Relevant Interests:*

As at the date of this Notice, Mr Tony/(Anthony) Roberts does not have any relevant interest in the Company's Securities.

(k) *Trading History:*

The following Table details the highest, lowest and the latest closing price of the Company's Fully Paid Shares on the ASX during the 12 months preceding 15 July 2011:

	<b>Date</b>	<b>Closing Price</b>
Highest Price	4 February 2011	\$0.125
Lowest Price	Jul-22-2010 Jul-25-2010 Jul-26-2010 Aug-02-2010 Aug-06-2010 Aug-08-2010 Aug-09-2010 Aug-10-2010	\$0.02
Latest Price	15 July 2011	\$0.075

(n) *Valuation of Director's Securities*

PKF has determined the indicative value of the options granted as at 14 July 2011 (the final value is to be determined once the options are issued, assuming that this is approved by Shareholders) of the Securities proposed to be issued to Tony/ (Anthony) Roberts pursuant to Resolution 4 are as follows:

<b>Illustrative Grant Date</b>	<b>Grant</b>	<b>Performance Hurdle</b>	<b>Indicative Value</b>
14 July 2011	Options to acquire for Fully Paid Shares	60 days from the date of any trade in the Company's Shares recorded on the ASX which is equal to or greater than 6 cents	\$246,000

PKF has noted that the values above are not appropriate for the accounting measurement and disclosures required by the Australian Accounting Standards Board's standards, AASB 2 and AASB 124. In particular, the report was prepared in advance of the date of approval of the grant and therefore does not incorporate all of the information necessary to perform a valuation to satisfy those standards.

The following table summarises the key assumptions adopted by PKF for valuation of the proposed Share based payments.

Grant	Options for Fully Paid Shares
Illustrative Grant Date	14 July 2011
Term of options	Expire on 31 December 2013
Share Price at illustrative Grant Date	\$0.08
Exercise Price	\$0.04
Volatility	90%
Risk Free Interest Rate	4.41%
Dividend Yield	0.0%
Performance Hurdle	60 days from the date of any trade in the Company's Shares recorded on the ASX which is equal to or greater than 6 cents
Valuation Methodology	Trinomial tree

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## 5. Resolution 5 - Approval of issue of Placement Options to Nigel Little - a Director

### Background

As noted in Sections 1 and 2 above, the Company undertook a capital raising on 28 February 2011. Mr Little participated in that raising and was part of the group of shareholders (refer to Resolution 1) who did not receive their Placement Options at the time. The ratification of the issue of the Placement Options is consistent with Resolution 1.

### Shareholder approval requirements

The notes set out in Part 4 of this Explanatory Memorandum with respect to ASX Listing Rule 10.11 are applicable to Resolution 5.

As a Director and the Chairman of the Company, the proposed issue of 60,000 Placement Options to Nigel Little requires Shareholder approval pursuant to ASX Listing Rule 10.11. This requirement exists under the Listing Rules, even though the contractual relationship between the Company and Nigel Little in respect of his participation in the Placement existed prior to him becoming a Director of the Company. Approval for the issue of the 60,000 Placement Options will not be sought pursuant to Chapter 2E of the Corporations Act on the basis that the issue of the 60,000 Placement Options form part of the terms of the Placement, which was instituted on arm's length terms with all investors, including Mr Little and his Associates. Pursuant to section 210 of the Corporations Act, member approval is not needed when giving a financial benefit on terms that would be reasonable in the circumstances if the Company and related party were dealing at arm's length. As the Placement was instituted on arm's length terms, no formal valuation of the Placement Options is provided in this Explanatory Memorandum.

If approval for the issue of the 60,000 Placement Options to Nigel Little is given by the Shareholders under Listing Rule 10.11, approval for the issue of those Securities is not required under Listing Rule 7.1.

## Explanatory Information

On the basis that Shareholder approval for the issue of the 60,000 Placement Options to Mr Nigel Little is required under ASX Listing Rule 10.11, the information set out below is provided to Shareholders in accordance with the requirements of ASX Listing Rule 10.13:

(a) *The securities will be granted as follows:*

60,000 Placement Options to acquire 60,000 Fully Paid Shares will be issued to Mr Nigel Little pursuant to the terms of the Placement.

The Placement Options will be issued on the terms set out in Schedule 2 to this Explanatory Memorandum.

(b) *Maximum number of securities to be issued:*

60,000 Placement Options to acquire 60,000 Fully Paid Shares.

(c) *Date by which securities will be issued:*

The Placement Options will be issued by the Company no later than one month after the date of the Meeting, or such later date as may be approved by ASX.

(d) *Issue price of securities:*

The Placement Options are free attaching options and will be granted and issued for nil cash consideration.

The exercise price of each Placement Option is four (4) cents.

(e) *The intended use of the funds:*

There will be no funds raised from the initial issue and grant of the Placement Options.

If all of the 60,000 Placement Options are exercised in accordance with their terms, A\$2,400 of capital will be raised, which the Company intends to use in accordance with the Company's funding requirements at the time the Placement Options are exercised.

(f) *The related parties to whom the proposed Resolution would permit the financial benefit to be given:*

The related party is Mr Nigel Little.

(g) *Directors' recommendation:*

The Board currently consists of Mr Nigel Little (Non-executive Chairman), Mr Tony/ (Anthony) Roberts (Executive Director), Mr Edward Mead (Executive Director) and Mr Sevag Chalabian (Non-executive Director).

The grant of the Placement Options is a term of the Placement, in which Mr Nigel Little was a participating investor. Mr Little's participation in the Placement pre-dated his appointment as a Director. On this basis, the Directors (other than Mr Little) recommend that Shareholders vote in favour of Resolution 5.

With the exception of Mr Nigel Little, none of the Directors has an interest in the outcome of Resolution 5.

Mr Nigel Little abstains from making a recommendation to Shareholders as he has a material personal interest in the outcome of Resolution 5, being the recipient of the Placement Options.

(h) *Dilution:*

The approval by Shareholders of Resolutions 5 will have the effect of granting in total 60,000 options to acquire 60,000 Fully Paid Shares on the terms and conditions set out in Schedule 2.

As at the date of this Notice, the total number of Fully Paid Shares on issue in the Company is 268,886,586 and the total number of Partly Paid Shares on issue in the Company is 40,967,538, which have a voting power of 2/8ths for each Share (which, in turn, equates to a voting power of 10,241,885 Fully Paid Shares). On this basis, if the 60,000 Placement Options become exercisable and are fully exercised (resulting in the issue of 60,000 new Fully Paid Shares) and no further Shares in the Company are issued prior to the date of exercise of all of the Placement Options into Fully Paid Shares, the effect would be to dilute the shareholdings of existing Shareholders as a whole by approximately 0.02%.

The dilution effects of the proposal noted in the paragraph above will only occur to the extent that the Placement Options become exercisable and are fully exercised by the holder of those options in accordance with their terms.

(i) *Total remuneration and fees paid to Directors or associated Companies:*

The fee received by Mr Nigel Little and/or his consulting company is \$100,000 per annum (excluding GST). Additionally Mr Little is entitled to be reimbursed for reasonable expenses incurred in carrying out his duties to the Company.

(j) *Existing interests:*

As at the date of this Notice, Mr Nigel Little has the following interests in securities of the Company:

- 1,000,000 Fully Paid Shares; and
- 440,000 options to acquire Fully Paid Shares,

which results in him having, as at the date of this notice, voting power in the Company of 0.36%. Further details with respect to Mr Nigel Little's voting power are detailed in paragraph 6(l).

(k) *Trading History:*

The following table details the highest, lowest and the latest closing price of the Company's Fully Paid Shares on the ASX during the 12 months preceding 15 July 2011:

	Date	Closing Price
Highest Price	4 February 2011	\$0.125
Lowest Price	Jul-22-2010	\$0.02
	Jul-25-2010	
	Jul-26-2010	
	Aug-02-2010	
	Aug-06-2010	
	Aug-08-2010	
	Aug-09-2010	
Aug-10-2010		
Latest Price	15 July 2011	\$0.075



(o) *Valuation of Director's Securities*

For the reasons noted above, no valuation of the Placement Options has been undertaken.

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**6. Resolution 6 – Issue of Convertible Redeemable Shares to Directors**

**Background**

It is proposed that the Company issue 32,000,000 CR Shares to the Directors as part of the incentive arrangements for those Directors, in the following proportions:

- (i) 10,000,000 CR Shares to Nigel Little or any Associate which is a company, trust, person or superannuation scheme owned by, controlled by, associated with, or established for the benefit of, any member of the family of Nigel Little.
- (ii) 10,000,000 CR Shares to Tony Roberts or any Associate which is a company, trust, person or superannuation scheme owned by, controlled by, associated with, or established for the benefit of, any member of the family of Tony Roberts.
- (iii) 10,000,000 CR Shares to Edward Mead or any Associate which is a company, trust, person or superannuation scheme owned by, controlled by, associated with, or established for the benefit of, any member of the family of Edward Mead.
- (iv) 2,000,000 CR Shares to Sevag Chalabian or any Associate which is a company, trust, person or superannuation scheme owned by, controlled by, associated with, or established for the benefit of, any member of the family of Sevag Chalabian.

At a meeting of the Board on 5 August 2011, the Directors unanimously resolved (pursuant to their powers under clause 8.1 of the Company's Constitution) to create a new class of convertible redeemable share in the capital of the Company to be used for the purpose of the proposed incentive arrangements. Given the performance hurdles attaching to the conversion of the CR Shares into Fully Paid Shares and the terms of redemption attaching to that class of Share, the Directors concluded that it was appropriate to create a new class of share capital, being the CR Shares, for the incentive arrangements, rather than using ordinary shares or options to acquire ordinary shares in the Company.

The terms of the CR Shares to be issued by the Company to the Directors (subject to the approval of Resolution 6 by the Shareholders) are set out in Schedule 4 of this Explanatory Memorandum.

**Statutory Information**

The proposed issue of 32,000,000 CR Shares to the Directors (or their respective Associate) requires Shareholder approval pursuant to ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act (specifically, section 208 of the Corporations Act).

The notes set out in Part 4 of this Explanatory Memorandum with respect to ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act are applicable to Resolution 6.

If approval for the issue of the 32,000,000 CR Shares to the Directors is given by the Shareholders under Listing Rule 10.11, approval for the issue of those Securities is not required under Listing Rule 7.1.

The Company has engaged PKF to prepare a valuation of the CR Shares to be issued to the Directors.

In accordance with section 218 of the Corporations Act, the Company has lodged a copy of this Notice with ASIC.

#### **Information for Shareholders**

On the basis that Shareholder approval for the issue of the 32,000,000 CR Shares to the Directors is required under ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act, the information set out below is provided to Shareholders in accordance with the requirements of ASX Listing Rule 10.13 and section 219 of the Corporations Act (including ASIC Regulatory Guide 76 - Related Party Transactions):

- (a) *The securities will be granted as follows:*
- (i) 10,000,000 CR Shares to Nigel Little or any Associate which is a company, trust, person or superannuation scheme owned by, controlled by, associated with, or established for the benefit of, any member of the family of Nigel Little.
  - (ii) 10,000,000 CR Shares to Tony/(Anthony) Roberts or any Associate which is a company, trust, person or superannuation scheme owned by, controlled by, associated with, or established for the benefit of, any member of the family of Tony/(Anthony) Roberts.
  - (iii) 10,000,000 CR Shares to Edward Mead or any Associate which is a company, trust, person or superannuation scheme owned by, controlled by, associated with, or established for the benefit of, any member of the family of Edward Mead.
  - (iv) 2,000,000 CR Shares to Sevag Chalabian or any Associate which is a company, trust, person or superannuation scheme owned by, controlled by, associated with, or established for the benefit of, any member of the family of Sevag Chalabian.
- (b) *Maximum number of securities to be issued:*
- 32,000,000 CR Shares.
- The interest of specific parties in the issued share capital of the Company before and after the issue of the CR Shares contemplated in this Notice is set out in paragraph 6(l).
- (c) *Date by which securities will be issued:*
- The CR Shares will be issued within one month from the date of the Meeting.
- (d) *Issue price of securities:*
- The CR Shares will be issued for a price equal to the market value of the Shares as at the date of the proposed issue, as determined by an independent valuation.
- For example, if the independent valuer assesses the market value of CR Shares as at the date of issue to be 4 cents for each CR Share, the amount payable to the Company in respect of the issue is 4 cents per CR Share.
- The terms of issue of the CR Shares (including the terms relating to the conversion of the CR Shares into Fully Paid Shares or the redemption of the CR Shares) are set out in Schedule 4.

(e) *Conversion Hurdle*

Where a conversion event occurs, the holder of CR Shares may elect to convert the CR Shares held by them into Fully Paid Shares. A conversion event occurs where either:

- the Fully Paid Shares listed on ASX have a VWAP equal to or greater than 15 cents each for forty-five consecutive trading days; or
- the JORC mineral resource (measured) of the Austrian Lithium Project being equal to or greater than 15 million tonnes.

An independent third party will be engaged by the Company for the purposes of determining whether the JORC mineral resource (measured) of the Austrian Lithium Project is equal to or greater than 15 million tonnes.

To convert a CR Share to a Fully Paid Share, the holder of the CR Share will be required to make an additional capital payment to the Company at the time of converting the CR Share. The amount of the Conversion Payment is equal to 10 cents for each CR Share.

(f) *Redemption*

The Company will redeem all of the CR Shares that:

- have not been converted into Fully Paid Shares (in accordance with the terms set out in Schedule 4) by 30 June 2014; or
- held by a Director, upon the resignation of that person as a Director.

(g) *The intended use of the funds:*

As at the date of this Notice, it is not possible to determine precisely the amount that the Company will raise from the issue of the 32,000,000 CR Shares (as the issue price for the CR Shares is to be determined by an independent valuation upon the approval and issue of the CR Shares). However, should all of the 32,000,000 CR Shares convert into Fully Paid Shares, it will result in the Company raising additional capital for the Company totalling \$3,200,000 (being 10 cents per share, which is the amount payable on conversion of a CR Share), which will be used to:

- (i) assist in funding the proposed Austrian Lithium Project, including exploration costs;
- (ii) expand the operations of the Company by the acquisition of tenements or projects;
- (iii) assist in funding further drilling of the Company's Elizabeth Hill tenement;
- (iv) assist in funding the working capital requirements of the Company; and
- (v) finance further exploration and development on tenements, indirect investments in mineral, and/or oil and gas exploration and/or production and other opportunities designed to strengthen the revenue base of the Company in line with the investment strategy of the Company.

(h) *The related parties to whom the proposed Resolution would permit the financial benefit to be given:*

The related parties are Mr Little or his Associates (by Resolution 5.1), Mr Roberts or his Associates (by Resolution 5.2) Mr Mead or his Associates (by Resolution 5.3) and Mr Chalabian or his Associates (by Resolution 5.4).

(i) *Directors' recommendation:*

The Board currently consists of Mr Nigel Little (Non-executive Chairman), Mr Tony/ (Anthony) Roberts (Executive Director), Mr Edward Mead (Executive Director) and Mr Sevag Chalabian (Non-executive Director).

The proposed issue of the CR Shares and the number of Securities to be granted to each respective Director or Associate and their terms, was arrived at following consultation with Exchange Minerals Limited, a major shareholder of the Company.

The purpose of the issue of the CR Shares is to provide an incentive to the Directors to continue to provide their commitment to the Company.

The Directors are in support of the issue the CR Shares to their fellow Directors and accordingly recommend that Shareholders vote in favour of Resolution 6. In forming their view, the Directors considered the CR Shares to be preferable to a traditional options package and concluded that the CR Shares provided the best outcome for the Company, Shareholders and the Directors. Further details of what factors were considered by the Directors in coming to this determination are set out in Section 7 paragraph (c) of this Notice.

Each Director abstains from making a recommendation on the issue of CR Shares to themselves or their Associates, as he has a material personal interest in the outcome of the resolution.

(j) *Dilution:*

The passing of Resolutions 6 would have the effect of issuing 32,000,000 CR Shares to the Directors.

As at the date of this Notice, the total number of Fully Paid Shares on issue in the Company is 268,886,586 and the total number of Partly Paid Shares on issue in the Company is 40,967,538, which have a voting power of 2/8ths for each share (which, in turn, equates to the voting power of 10,241,885 Fully Paid Shares). On this basis, if all of the CR Shares issued pursuant to the terms of Resolutions 6 convert to Fully Paid Shares in accordance with their terms (and no further Shares in the Company are issued prior to the date of conversion of all of the CR Shares), the effect would be to dilute the shareholdings of existing Shareholders as a whole by approximately 11.46%.

(k) *Total Remuneration and fees paid to Directors or associated Companies*

The fee received by Mr Little and/or his consulting company is \$100,000 per annum (excluding GST). Additionally Mr Little is entitled to be reimbursed for reasonable expenses.

The fee received by Mr Tony/(Anthony) Roberts and/or his consulting company is \$300,000 per annum (excluding GST). Additionally, Mr Tony/(Anthony) Roberts is entitled to be reimbursed for reasonable expenses.

The fee received by Mr Mead and/or his consulting company is \$230,000 per annum (excluding GST). Additionally, Mr Mead is entitled to be reimbursed for reasonable expenses.

The fee received by Mr Chalabian's consulting company is \$40,000 per annum (excluding GST). Additionally Mr Chalabian is entitled to be reimbursed for reasonable expenses.

(l) *Existing interests:*

Set out below is a summary of each Director's current interest in the Company:

Name	Fully Paid Shares	Partly Paid Shares	Options to acquire Fully Paid Shares	Options to acquire Partly Paid Shares when the share price reaches 20 cents	Total Interest in issued securities	Director's voting power as at the date of this notice of meeting <sup>1</sup>	Director's voting power on a fully diluted basis <sup>2</sup>
Nigel Little	1,000,000	0	440,000	0	1,440,000	0.36%	0.38%
Tony/(Anthony ) Roberts	0	0	0	0	0	0.00%	0.00%
Edward Mead	2,800,000	200,000	5,000,000	5,000,000	13,000,000	1.07%	3.46%
Sevag Chalabian	2,771,826	3,500,000	2,000,000	3,500,000	11,771,826	2.25%	3.13%
<b>Total</b>	<b>6,571,826</b>	<b>3,700,000</b>	<b>7,440,000</b>	<b>8,500,000</b>	<b>26,211,826</b>	<b>3.68%</b>	<b>6.98%</b>

**Notes:**

1. This percentage is calculated based on the following formula:

The sum of the Director's voting rights in Fully Paid Shares plus Partly Paid Shares (with each Partly Paid Share carrying  $\frac{1}{4}$  of the voting right of a Fully Paid Share) divided by the voting rights in respect of the total issued capital of the Company as at the date of this notice of meeting (being equal to 279,128,471 votes).

2. This percentage is calculated based on the following formula:

The sum of the Director's voting rights as calculated above on the basis that all options held by that Director have been exercised, divided by the voting rights in respect of the total issued capital of the Company on the basis that all options issued by the Company have been exercised. This percentage is calculated on the basis that no additional call on Partly Paid Shares has been made at the time of the calculation.

Set out below is a summary of each Director's interest in the Company in the event that resolutions 1 to 7 of this Notice are passed at the General Meeting:

Name	Fully Paid Shares	Partly Paid Shares	Convertible Redeemable Shares	Options to acquire Fully Paid Shares	Options to acquire Partly Paid Shares when the share price reaches 20 cents	Total Interest in issued securities in the event that each of the resolutions in this notice of meeting is passed <sup>1</sup>	Director's voting power on a fully diluted basis in the event that each of the resolutions in this notice of meeting is passed. <sup>2</sup>
Nigel Little	1,000,000	0	10,000,000	500,000	0	11,500,000	2.72%
Tony/(Anthony) Roberts	0	0	10,000,000	5,000,000	0	15,000,000	3.55%
Edward Mead	2,800,000	200,000	10,000,000	5,000,000	5,000,000	23,000,000	5.41%
Sevag Chalabian	2,771,826	3,500,000	2,000,000	2,000,000	3,500,000	13,771,826	2.64%
<b>Total</b>	<b>6,571,826</b>	<b>3,700,000</b>	<b>32,000,000</b>	<b>12,500,000</b>	<b>8,500,000</b>	<b>63,271,826</b>	<b>14.32%</b>

**Notes:**

1. This percentage is calculated based on the following formula:

The sum of the Director's voting rights in Fully Paid Shares plus Partly Paid Shares (with each Partly Paid Share carrying  $\frac{1}{4}$  of the voting right of a Fully Paid Share) divided by the voting rights in respect of the total issued capital of the Company following the issue of all options and convertible redeemable shares pursuant to the resolutions appearing in this notice of meeting (being equal to 422,373,129 votes).

2. This percentage is calculated based on the following formula:

The sum of the Director's voting rights as calculated above on the basis that all options and CR Shares held by that Director have been exercised or converted (as the case may be), divided by the voting rights in respect of the total issued capital of the Company on the basis that all options issued by the Company have been exercised, all CR Shares issued by the Company have been converted. The percentage is calculated on the basis that no additional call on Partly Paid Shares has been made at the time of the calculation.

(m) *Trading History:*

The following table details the highest, lowest and the latest closing price of the Company's Fully Paid Shares on the ASX during the 12 months preceding 15 July 2011:

	Date	Closing Price
Highest Price	4 February 2011	\$0.125
Lowest Price	Jul-22-2010	\$0.02
	Jul-25-2010	
	Jul-26-2010	
	Aug-02-2010	
	Aug-06-2010	
	Aug-08-2010	
	Aug-09-2010	
Aug-10-2010		
Latest Price	15 July 2011	\$0.075

(n) *Valuation of Director's Securities*

PKF have determined the indicative value of the CR Shares as at 14 July 2011 (the final value is to be determined once the Securities are issued, assuming that this is approved by Shareholders) as follows:

Illustrative Grant Date	Grant	Performance Hurdle	Indicative Value
			<b>Directors</b>
14 July 2011	CR Shares	The ordinary shares of the Company listed on ASX having a VWAP equal to or greater than 15 cents for forty five consecutive trading days	Mr N Little -\$380,000,537 Mr A Roberts -\$380,000,537 Mr Mead -\$380,000,537 Mr Chalabian - \$76,000

PKF has noted that the values above are not appropriate for the accounting measurement and disclosures required by the Australian Accounting Standards Board's standards, AASB 2 and AASB 124. In particular, the report was prepared in advance of the date of approval of the issue of the securities and therefore does not incorporate all of the information necessary to perform a valuation to satisfy those standards. The values provided are also indicative of likely values and, consequently, the amounts payable by the Directors upon issue of the CR Shares.

The following table summarises the key assumptions adopted by PKF for valuation of the proposed CR Shares.

Key assumption	CR Shares
Illustrative Grant Date	14 July 2011
Term of securities	14 July 2011 to 30 June 2014
Share Price at illustrative Grant Date	\$0.08
Conversion (strike) Price	\$0.10
Volatility	90%
Risk Free Interest Rate	4.415%
Dividend Yield	0.0%
Performance Hurdle	Either: (a) the ordinary shares of the Company listed on ASX having a VWAP equal to or greater than 15 cents for forty-five consecutive trading days; or (b) the JORC mineral resource (measured) of the Austrian Lithium Project being equal to or greater than 15 million tonnes. For AASB 2 purposes, the JORC hurdle is a non-market vesting condition and its effect is ignored in the above valuation.
Valuation Methodology	Trinomial tree

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**7. Resolution 7 – Approval of financial assistance and financial benefit to Directors in respect of the loans to acquire Convertible Redeemable Shares**

**Background**

As noted in Section 6 above, it is proposed that the Company will issue 32,000,000 CR Shares to the Directors (in the proportions noted in Section 6 above).

It is further proposed that in order to facilitate the acquisition of those CR Shares by the Directors, the Company will provide each Director with a loan in the amount of the subscription price for the CR Shares to be acquired by that Director. The key terms of the loan that will be made available to each Director are as follows:

- (a) the amount of the loan will be equal to the subscription price payable by the Director to acquire his allocation of CR Shares (see Section 6 for details of the calculation of the issue price for the CR Shares);
- (b) the loan will be interest free;
- (c) the loan will be repayable by the Directors immediately upon the conversion or redemption of the CR Shares issued to that Director; and
- (d) the loan is unsecured.

**Financial benefits to Directors**

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- prior shareholder approval is obtained to the giving of the financial benefit to the related party.

A Director of the Company and any entities associated with that Director are regarded as related parties of the Company for the purpose of Chapter 2E of the Corporations Act. The provision of a loan by the Company to a Director will be regarded as the giving of a financial benefit for the purpose of Chapter 2E of the Corporations Act.

As none of the exceptions to shareholder approval under Chapter 2E of the Corporations Act apply with respect to the giving of the financial benefit (being the proposed loans) to each of the Directors, Shareholder approval for the provision of those loans is being sought from the Shareholders pursuant to Chapter 2E of the Corporations Act.

In accordance with section 218 of the Corporations Act, the Company has lodged a copy of this Notice with ASIC.

On the basis that Shareholder approval for the granting of the loans to the Directors is required under Chapter 2E of the Corporations Act, the information set out below is provided to Shareholders in accordance with the requirements of section 219 of the Corporations Act (including ASIC Regulatory Guide 76 - Related Party Transactions):

- (a) *The related parties to whom the proposed Resolution would permit the financial benefit to be given:*

The related parties are Mr Little or his Associates, Mr Roberts or his Associates, Mr Mead or his Associates and Mr Chalabian or his Associates.



(b) *The nature of the financial benefits*

The loans to be provided by the Company to the Directors to fund the acquisition of the 32,000,000 CR Shares proposed to be issued under Resolution 6.

The loans are being provided to assist the Directors to acquire their CR Shares. As previously noted, the purpose of the CR Shares is to incentivise and align the Directors' interests with those of the Shareholders. The Directors consider that requiring the Directors to fund the subscription amount for the CR Shares would be prohibitive to them and, as a consequence, would impose a financial burden upon them. If one of the performance conditions is met, the CR Shares would be able to be converted into Fully Paid Shares, which would then provide each Director with the opportunity to be able to undertake actions such as borrowing to convert their CR Share into a Fully Paid Share.

(c) *Alternative options and impact on Company*

Traditional option packages to Directors are typically structured with minimal upfront payments and that the difference between the strike price and the market value of the options is such that that the options are "in the money". This form of option plan was considered by the Company.

However, in the interests of ensuring that the Directors' interests are more aligned with Shareholders, it was decided to embark on an incentive package that would ensure the maximum "at risk" position and direct investment into the Company by the Directors, following the achievement of performance conditions representing the achievement of key milestones. The Company considered the following factors in forming the view that the CR Shares provide the best outcome for the Company, Shareholders and the Directors of the Company:

- the options package considered by the Company would have had some intrinsic value and as such, the difference between the fair value of the option and the prevailing share price would be treated as an expense in the year of granting of the option. A similar consequence for the CR Shares is likely to occur; and
- whilst the Directors considered a CR Share to have a similar impact on the Company's financial statement as a traditional option, whereby the liability for the market value of the option is taken up as an expense and a corresponding increase to the share equity account of the Company, the Directors considered the issue of CR Shares as likely to result in additional equity for the Company given that a CR Share results in a definite liability for each Director.

(d) *Directors' recommendation:*

The Board currently consists of Mr Nigel Little (Non-executive Chairman), Mr Tony/ (Anthony) Roberts (Executive Director), Mr Edward Mead (Executive Director) and Mr Sevag Chalabian (Non-executive Director).

The provision of the loan by the Company to each Director in respect of the proposed issue of the CR Shares was, in each case, proposed following consultation with Exchange Minerals Limited, a major Shareholder of the Company.

The granting of the loans for the acquisition of the CR Shares forms part of the incentive arrangements for the Directors to continue to provide commitment to the Company.

The Directors are in support of the grant of each loan to their fellow Directors and accordingly recommend that Shareholders vote in favour of Resolution 7.1.

Each Director abstains from making a recommendation on the granting of the loan to themselves or their Associates, as each Director has a material personal interest in the outcome of the resolution.

### **Financial Assistance**

Part 2J of the Corporations Act contains restrictions on the ability of a company to financially assist the acquisition of its own shares. This is because it is a key requirement of company law that a company 'maintain its capital' to enable the payment of its creditors. If a company has an unfettered ability to, for example, financially assist the acquisition of its own shares, then buyers of shares in companies may tend to fund the purchase price out of the assets of the company, to the potential detriment of its creditors.

### **Sections 260A and 260B of the Corporations Act 2001**

Section 260A of the Corporations Act provides that a company may financially assist a person to acquire shares in the company only if, amongst other things, the assistance is approved by shareholders under section 260B.

Section 260B provides that shareholder approval must be given by either of the following:

- (a) a special resolution of members, with no votes being cast in favour of the resolution by the person acquiring the shares or by their Associates; or
- (b) a resolution agreed to by all ordinary shareholders (which in the case of a company with one shareholder will be a sole member resolution).

The provision by the Company of the interest free loans to the Directors for the purpose of them subscribing for CR Shares constitutes financial assistance under Part 2J of the Corporations Act. Accordingly, approval for the financial assistance is being sought from Shareholders (by way of a special resolution) under Resolution 7.

### **Information requirements**

The purpose of this Section is to set out all information known to the Company that is material to a decision as to how to vote on the resolution for the approval of the financial assistance, unless that information has been previously disclosed by the Company to the Shareholders. Set out below are the details required by section 260B(4) of the Corporations Act to be provided to the Shareholders in relation to the financial assistance:

*(a) Summary of the proposed financial assistance*

The proposed financial assistance is the granting by the Company of an interest free loan to each Director for the purpose of that Director subscribing for his allocation of CR Shares (specified in Section 6 above).

*(b) Nature of the financial assistance*

The total amount of the loans that the Company will make available to the Directors will be equal to the total subscription amount payable by the Directors to subscribe for the 32,000,000 CR Shares that are to be issued pursuant to Resolution 6. The amount of the loan that will be provided to each Director will be equal to that Director's subscription payment for his allocation of CR Shares (as calculated in accordance with Section 6 above).

*(c) Reason for providing the financial assistance*

As noted above, the loan will be used to fund the market value of the subscription payment required to be paid by the Directors for their CR Shares. The reasons for providing CR Shares to the Directors have been stated above. In addition the likely quantum of the subscription payment will place significant financial stress on each Director if they were required to finance the acquisition of their CR Shares. The provision of a loan alleviates this burden in the short to medium term and allows the Directors to focus on establishing and growing the operations of the Company, in particular, the Austrian Lithium Project.

The provision of loans does not result in any cash being taken out of the Company, which means that the Company's cash resources remain intact so as to allow it to pursue its commercial objectives.

*(d) Likely effect on the state of affairs of the Company*

The provision of the financial assistance will have no net impact on the Company's available cash reserves. However, there may be a non-cash charge to the income statement arising from the expensing of the value of the CR Shares under AASB 2.

In the opinion of the Directors, the provision of the interest free loans by the Company will not otherwise affect the Company's state of affairs.

*(e) Satisfaction as to solvency*

On the basis of the last management accounts of the Company, each of the Directors have satisfied themselves that the provision of the financial assistance to each Director in the form of the interest free loans will not adversely affect the solvency of the Company and the Company is, and following the provision of the financial assistance will be, able to pay all of its debts as and when they become due and payable.

*(f) Likely effect on the control of the Company*

As the CR Shares do not carry voting rights (until they are converted into ordinary shares in accordance with their terms), following the issue of the 32,000,000 CR Shares the Directors will have a combined voting power in respect of the Company's issued Share capital of approximately 3.68% (which includes their existing shareholdings). Key points to note are:

- no Director will have more than 10% ownership of the Company, meaning that there is no impact on change in control;
- the Directors' combined voting power of 3.68% referred to above does not take into account the dilution effect of the various options which are currently on issue, many of which are 'in the money';
- the Directors' shareholding will further dilute if the Austrian Lithium Project is implemented; and
- in addition to the proposed acquisition of the Austrian Lithium Project, the Company is likely to raise further funds, which will have a further dilutionary effect.

*(g) Potential advantages and disadvantages for the Company, directors and shareholders with respect to the giving of the financial assistance:*

**Advantages:**

Set out below are the advantages of providing the loans:

- the loans will allow the Directors to complete the acquisition of their allocation of CR Shares, which for the reasons noted above, is considered to be in the best interests of the Company, as the ownership of the CR Shares further aligns the interests of the Directors with the Company's Shareholders;
- if the conversion hurdles of the CR Shares are satisfied and the Directors exercise their rights to convert the CR Shares into Fully Paid Shares, the Company's capital will be increased by the amount of the Conversion Payment for the CR Shares to be converted; and
- the loans do not reduce the Company's cash reserves (as the loan amounts will be used by the Directors to subscribe for the CR Shares).

**Disadvantages:**

Set out below are the disadvantages of providing the loans:

- the loans will provide no immediate increase in the cash reserves of the Company;
- the loans are unsecured and their recoverability depends on the Directors having sufficient assets to repay the loans in accordance with the terms of repayment;
- any decrease in the value of the Company's Shares could result in a write-down of the value of the loans, which in turn will result in a decrease in the Company's assets to the extent of the write-down;
- the loans are interest free and, accordingly, the Company receives no financial benefit from the loans whilst the principal amount remains unpaid; and
- the loans will result in increased administration costs for the Company.

*(h) Other relevant information*

All other information known to the Company that is material to the decision of the Shareholders on how to vote on Resolution 7.2 to approve the financial assistance has previously been disclosed to the Shareholders.

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## Schedule 1 - Definitions

In this Explanatory Memorandum and Notice of General Meeting:

**2010 Directors' Options** has the meaning set out in Section 2 of the Explanatory Memorandum.

**AEST** means Australia Eastern Standard Time.

**Associate** has the meaning given by Sections 10 to 17 of the Corporations Act.

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

**ASX Listing Rules** means the 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.

**Austrian Lithium Project** means the project as described in an announcement made by the Company on the 4th February 2011.

**Board** means the board of Directors of the Company.

**Constitution** means the constitution of the Company, as amended from time to time.

**Conversion Event** means any one of the following:

- (a) the Shares of the Company listed on ASX having a VWAP equal to or greater than 15 cents for forty-five consecutive trading days; or
- (b) the JORC mineral resource (measured) of the Austrian Lithium Project being equal to or greater than 15 million tonnes.

**Conversion Payment** means the amount equal to \$0.10 per each CR Share as at the date of conversion.

**Company** or **ECM** means East Coast Minerals NL ABN 82 000 738 885 of Ground Floor, 3 Richardson Street, West Perth, Western Australia 6005.

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

**CR Share** means a convertible redeemable share in the capital of the Company, having the terms set out in Schedule 4.

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

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

**Fully Paid Share** means a fully paid Share listed on the ASX.

**General Meeting** or **Meeting** means the extraordinary general meeting of the Company to be held on 16 September 2011 at the Geoff Harris Room, offices of PKF, Level 10, 1 Margaret Street Sydney NSW at 11.30am (AEST), convened by this Notice.

**JORC** means the Australian code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves.

**Market Price** has the same meaning as defined in the ASX Listing Rules.

**Notice** means this Notice of General Meeting.

**PKF** means PKF Corporate Advisory (East Coast) Pty Limited ABN – 70 050 038 170 of Level 10 No.1 Margaret Street Sydney NSW 2000;

**Partly Paid Share** means an ordinary share in the capital of the Company that is not a Fully Paid Share and is paid to 2 cents.

**Placement** has the meaning set out in Section 1 of the Explanatory Memorandum.

**Placement Options** means the 43,750,000 options to acquire Fully Paid Shares to be issued pursuant to the Placement (as referred to in Sections 1 and 2 of the Explanatory Memorandum) and having the terms set out in Schedule 2 and Placement Option means any of them.

**Relevant Interest** has the meaning given to that term in section 9 of the Corporations Act.

**Resolution** means a resolution referred to in this Notice.

**Securities** means a Share or option to acquire a Share in the capital of the Company.

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

**Shareholder** means each person registered as a holder of a Share.

**Trading Day** has the same meaning as defined in the ASX Listing Rules.

**VWAP** means the volume weighted average price of a Share on the ASX.

In this Notice, words importing the singular include the plural and vice versa.

For personal use only

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## Schedule 2 (Resolutions 1 and 2) - Terms of Placement Options

The terms and conditions of the Placement Options (referred to in this schedule as **Options**) are as follows:

1. Each Option entitles the holder to acquire one Fully Paid Share;
2. The Company will apply for quotation of the Options on ASX;
3. The Options are exercisable from their date of issue. Options not exercised by 14 July 2013 will lapse;
4. The Options are transferable;
5. Subject to these terms and conditions, the Options are exercisable by completion of a notice in the form provided by the Company (**Exercise Notice**) and delivery to the registered office of the Company;
6. The exercise price of each Option is four (4) cents.
7. Shares issued on the exercise of Options:
  - (a) will be issued not more than fourteen (14) days after receipt of an Exercise Notice; and
  - (b) will rank equally with the then issued ordinary shares of the Company and in compliance with the Constitution.
8. Option holders will be permitted to participate in new issues of securities on and subject to the prior exercise of their Options in which case the Option holders will be afforded the period of ten business days prior to and inclusive of the record date (to determine entitlements to the issue) to exercise their Options;
9. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Option holders will be changed to the extent necessary to comply with the ASX Listing Rules applying to the reconstruction of capital at the time of the reconstruction;
10. If there is a bonus issue to Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
11. In the event that a pro rata issue (except a bonus issue) is made to the holders of the securities in the Company, the exercise price of the Options will be reduced in accordance with ASX Listing Rule 6.22.2;
12. Reminder notices will be forwarded to Option holders prior to the expiry of the Options.
13. The Options will be recorded on the Company's register of Option holders maintained at the share registry. The register will be open for inspection by an Option holder free of charge. Shares to be allotted on the exercise of Options will be recorded on the Company's share register.
14. The Option holder, if appearing on the Company's register of Option holders at the relevant date, will be entitled to receive and will be sent all reports and accounts required to be laid before Shareholders in general meeting and all notices of general meetings and will have the right to attend but shall have no right to vote at such meetings.

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### Schedule 3 - (Resolution 5) Options issued to Tony/ (Anthony) Roberts

The terms and conditions of the options to acquire fully paid ordinary shares in the capital of the Company (referred to in this schedule as **Options**) issued to Tony/ (Anthony) Roberts are summarised as follows:

1. Each Option entitles the holder to acquire one Fully Paid Share;
2. The Options become exercisable 60 days following the date of any trade in the Company's shares recorded on the ASX which is equal to or greater than 6 cents ("**Exercise Date**"). Options not exercised by 31 December 2013 will lapse;
3. Subject to these terms and conditions, the Options are exercisable by completing an "**exercise notice**" in the form provided by the Company and delivering it to the registered office of the Company;
4. The exercise price of each Option is four (4) cents;
5. The Options will be transferable;
6. Option holders will be permitted to participate in new issues of securities on and subject to the prior exercise of their Options in which case the Option holders will be afforded the period of ten business days prior to and inclusive of the record date (to determine entitlements to the issue) to exercise their Options;
7. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Option holder will be changed to the extent necessary to comply with the ASX Listing Rules applying to the reconstruction of capital at the time of the reconstruction;
8. If there is a bonus issue to Shareholders, the number of Fully Paid Shares over which an Option is exercisable will be increased by the number of Fully Paid Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue;
9. In the event that a pro rata issue (except a bonus issue) is made to the holders of the securities in the Company, the exercise price of the Options will be reduced in accordance with ASX Listing Rule 6.22.2;
10. Reminder notices will be forwarded to Option holders prior to the expiry of the Options;
11. The Options will be recorded on the Company's register of Option holders maintained at the share registry. The register will be open for inspection by an Option holder free of charge;
12. The Option holder, if appearing on the Company's register of Option holders at the relevant date, will be entitled to receive and will be sent all reports and accounts required to be laid before Shareholders in general meeting and all notices of general meetings and will have the right to attend but shall have no right to vote at such meetings;
13. Notwithstanding paragraph 2 above, all Options may be exercised prior to their Exercise Date:
  - 13.1 in the case of a takeover bid in respect of the Shares in the Company, during the bid period, as defined in section 9 of the Corporations Act, provided that where a takeover bid is publicly announced prior to the service of a bidder's statement on the Company in relation to that takeover bid, the bid period will be deemed to have commenced at the date of that announcement;



- 13.2 at any time after a Shareholder, or a group of associated Shareholders, becomes entitled to sufficient Shares to give it or them the ability, and that ability is successfully exercised, in general meeting, to replace all or a majority of the Directors of the Company; or
- 13.3 at any time after, on an application under section 411 of the Corporations Act, a court orders a meeting to be held concerning a proposed compromise or arrangement for the purposes of, or in connection with, a scheme for the reconstruction of the Company, or its amalgamation with any other company.

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#### **Schedule 4 - (Resolution 6) Convertible Redeemable Share Terms**

The terms of the convertible redeemable shares (each referred to as a **CR Share** in this Schedule) are as follows:

##### **Issue Price**

Each CR Share will be issued at the market value of a CR Share as at the date of issue, as determined by independent valuation to be conducted by an independent valuer. For example, if the independent valuer assesses the market value of CR Shares as at the date of issue to be 4 cents for each CR Share, the amount payable to the Company in respect of the issue is 4 cents per CR Share.

##### **Voting**

The CR Shares do not confer on the Members holding those shares the right to notice of, to attend or to vote at, general meetings of the Company.

##### **Dividend rights**

The CR Shares do not carry any rights to dividends.

##### **Repayment of capital**

The CR Shares do not carry any rights in respect of a reduction of capital by the Company or a winding up of the Company,

##### **Conversion**

Following a Conversion Event, a Member holding CR Shares may elect to convert all of the CR Shares registered in the Member's name to fully paid ordinary shares in the Capital of the Company on a one-for-one basis.

To exercise the right to convert the CR Shares, the Member holding the shares must give to the Company:

- (a) notice in writing of the Member's election to convert the CR Shares;
- (b) the certificate (if any) relating to the CR Shares; and
- (c) the full amount of the Conversion Payment.

Immediately after receipt by the Company of the notice of conversion, the certificate relating to the CR Shares and the Conversion Payment, the Company must record the conversion of the shares in the Company's share register and apply for quotation of the ordinary shares on the ASX.

##### **Redemption by the Company**

Subject to the *Corporations Act 2001* (Cth), the Company will redeem all of the CR Shares:

- (a) that have not been converted into ordinary shares (in accordance with these terms) before 30 June 2014; or
- (b) held by a director of the Company, upon that person ceasing to be a director of the Company.

The redemption of CR Shares is to be effected by and at the time of the Company giving to a Member holding the shares to be redeemed seven days written notice of the redemption and payment of the amount payable on redemption by cash, cheque or bank draft. The Company may set-off against the redemption amount payable to the Member any amount owed by the member to the Company.

The amount payable on redemption of a CR Share is the amount paid up on the share.

#### **Redemption at option of Member**

A Member holding CR Shares may at the Member's option at any time after the issue of CR Shares give written notice to the Company requiring the Company to redeem all or any of that Member's CR Shares. Subject to the *Corporations Act 2001* (Cth), the Company must redeem the shares specified in the notice with 14 days after receipt of the notice.

#### **No listing**

The CR Shares will not be listed on the ASX.

#### **Transfers**

The CR Shares are not transferrable.

#### **Definitions**

**Austrian Lithium Project** means the project as described in an announcement made by the Company on the 4th February 2011.

**Conversion Event** means any one of the following:

- (a) the ordinary shares of the Company listed on ASX having a VWAP equal to or greater than 15 cents for forty-five consecutive trading days;
- (b) the JORC resource (measured) of the Austrian Lithium project being equal to or greater than 15 million tonnes, as determined by an independent third party engaged by the Company.

**Conversion Payment** means the amount equal \$0.10 less the amount paid up on the CR Share as at the date of conversion.

**JORC** means the Australian code for the Reporting of Exploration Results, Mineral Resources and Ore Resources.

**VWAP** means the volume weighted average price of an ordinary share of the Company on the ASX.



## Lodge your vote:



### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555


For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

### For all enquiries call:

(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

000001 000 ECM  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Proxy Form - Ordinary Fully Paid Shares

 For your vote to be effective it must be received by 11:30am (AEST) Wednesday 14 September 2011

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, 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 sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the information tab, "Downloadable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**Turn over to complete the form** →



View your securityholder information, 24 hours a day, 7 days a week:

**[www.investorcentre.com](http://www.investorcentre.com)**

- Review your securityholding
- Update your securityholding

**Your secure access information is:**

**SRN/HIN: I999999999**



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

## Proxy Form

Please mark  to indicate your directions

STEP 1

### Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of East Coast Minerals NL hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Extraordinary General Meeting of East Coast Minerals NL to be held at the Geoff Harris Room, Offices of PKF, Level 10, 1 Margaret Street, Sydney NSW 2000 on Friday, 16 September 2011 at 11:30am (AEST) and at any adjournment of that meeting.

**Important for Items 3 to 7:** If the Chairman of the Meeting is your proxy and you have not directed him/her how to vote on Items 3 to 7 below, please mark the box in this section. 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 Items 3 to 7 and your votes will not be counted in computing the required majority if a poll is called on these Items. The Chairman of the Meeting intends to vote undirected proxies in favour of Items 3 to 7 of business.

I/We acknowledge that the Chairman of the Meeting may exercise my proxy even if he/she has an interest in the outcome of that Item and that votes cast by him/her, other than as proxy holder, would be disregarded because of that interest.

STEP 2

### Items of Business

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

	For	Against	Abstain
Resolution 1 Approval to issue Placement Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Ratification of issue of Placement Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Approval to amend the terms of options issued to the Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Approval of issue of options to Tony (Anthony) Roberts - a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Approval of issue of options to Nigel Little - a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Approval of issue of Convertible Redeemable Shares to Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 Approval of financial assistance and financial benefit to Directors in respect of the loans to acquire Convertible Redeemable Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN

### Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

\_\_\_\_\_

Contact Daytime Telephone

\_\_\_\_\_

Date / /

ECM

999999A

Computershare +

**Lodge your vote:**



**By Mail:**

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

**For all enquiries call:**

(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

000001 000 ECM  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

**Proxy Form - Partly Paid Shares**

For your vote to be effective it must be received by 11:30am (AEST) Wednesday 14 September 2011

**How to Vote on Items of Business**

All your securities will be voted in accordance with your directions.

**Appointment of Proxy**

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

**Signing Instructions**

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, 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 sign in the appropriate place to indicate the office held. Delete titles as applicable.

**Attending the Meeting**

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the information tab, "Downloadable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**Turn over to complete the form** ➔



View your securityholder information, 24 hours a day, 7 days a week:

**[www.investorcentre.com](http://www.investorcentre.com)**

- Review your securityholding
- Update your securityholding

**Your secure access information is:**

**SRN/HIN: I9999999999**



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

## Proxy Form

Please mark  to indicate your directions

STEP 1

### Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of East Coast Minerals NL hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Extraordinary General Meeting of East Coast Minerals NL to be held at the Geoff Harris Room, Offices of PKF, Level 10, 1 Margaret Street, Sydney NSW 2000 on Friday, 16 September 2011 at 11:30am (AEST) and at any adjournment of that meeting.

**Important for Items 3 to 7:** If the Chairman of the Meeting is your proxy and you have not directed him/her how to vote on Items 3 to 7 below, please mark the box in this section. 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 Items 3 to 7 and your votes will not be counted in computing the required majority if a poll is called on these Items. The Chairman of the Meeting intends to vote undirected proxies in favour of Items 3 to 7 of business.

I/We acknowledge that the Chairman of the Meeting may exercise my proxy even if he/she has an interest in the outcome of that Item and that votes cast by him/her, other than as proxy holder, would be disregarded because of that interest.

STEP 2

### Items of Business

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

		For	Against	Abstain
Resolution 1	Approval to issue Placement Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Ratification of issue of Placement Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval to amend the terms of options issued to the Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of issue of options to Tony (Anthony) Roberts - a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of issue of options to Nigel Little - a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of issue of Convertible Redeemable Shares to Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval of financial assistance and financial benefit to Directors in respect of the loans to acquire Convertible Redeemable Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN

### Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

\_\_\_\_\_

Contact Daytime Telephone

\_\_\_\_\_

Date

\_\_\_\_/\_\_\_\_/\_\_\_\_

ECM

999999A

Computershare