

Notice of Meeting – 2012 AGM

Unity Mining Limited

ABN 61 005 674 073

Notice is given that the **2012 Annual General Meeting** of Unity Mining Limited ABN 005 674 073 (Company) will be held at the offices of Baker & McKenzie, Level 19, 181 William Street, Melbourne on Tuesday 13 November 2012 at 10.30 am.

Items of Business

1. Financial Report

To receive and consider the Financial Report of the Company and reports of the Directors and Auditor for the financial year ended 30 June 2012.

2. Remuneration Report

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

“That the remuneration report as set out in the Annual Report for the financial year ended 30 June 2012 be adopted.”

Note - the vote on this resolution is advisory only and does not bind the Company or its Directors.

3. Re-Election of Director

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

“That Mr Peter McCarthy, being a Director of the Company who retires by rotation in accordance with Rule 57 of the Company’s constitution, being eligible and offering himself for re-election, is re-elected as a Director of the Company.”

4. Approval of the Managing Director’s Performance Rights

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

“That the issue of up to a maximum of 4,000,000 performance rights to Mr Andrew McIlwain, the Managing Director & Chief Executive Officer of the Company, under the terms of the Company’s Long Term Incentive Plan (LTI Plan) and the issue of fully paid ordinary shares in the Company upon the vesting of those performance rights, on the terms set out in the Explanatory Notes accompanying and forming part of this Notice of Meeting, is approved for the purposes of ASX Listing Rule 10.14 and for all other purposes.”

5. Approval of the Issue of Performance Rights on Accelerated Event and Payment of Termination Benefit

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

“That for the purposes of sections 200B and 200E of the Corporations Act and for all other purposes, the giving by the Company of termination benefits to certain persons holding managerial or executive office in the Company arising from such person’s participation in the LTI Plan and the receipt, vesting and conversion of performance rights into ordinary shares in the Company acquired under, or arising from, contractual arrangements with the Company in connection with such persons’ termination of employment or office, on the terms set out in the Explanatory Notes accompanying and forming part of this Notice of Meeting, is approved.”

6. Approval of 10% Placement Capacity under Listing Rule 7.1A

To consider, and if thought fit, pass the following resolution as a special resolution:

“That for the purposes of ASX Listing Rule 7.1A and for all other purposes, the issue of up to 10% of the Company’s share capital calculated in accordance with Listing Rules 7.1A, and on the terms and conditions set out in the Explanatory Statement, is approved.”

BY ORDER OF THE BOARD



Bill Geier
Company Secretary

27 September 2012

NOTES:

1. **Entire Notice:** The details of the resolutions contained in the Explanatory Notes accompanying this Notice of Meeting should be read together with, and form part of, this Notice of Meeting.
2. **Voting:** The Company has determined that for the purposes of the Annual General Meeting, shares will be taken to be held by the persons who are registered as holding the shares as at 7.00pm Melbourne time on Sunday, 11 November 2012. Only those persons will be entitled to vote at the Annual General Meeting and transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.

3. **Voting Exclusion Statements:**

Resolution 2:

The Company will disregard any votes cast on this resolution (in any capacity) by or on behalf of a member of the Key Management Personnel (being those persons described as such in the Remuneration Report) or a closely related party of such a member unless the vote is cast as proxy for a person entitled to vote in accordance with a direction on the proxy form.

Resolution 4:

In accordance with the ASX Listing Rules, the Company will disregard any votes cast in respect of Resolution 4 by Mr Mclwain or an associate of Mr Mclwain (being the only director of the Company eligible to participate in the LTI Plan).

However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or if it is cast by a person chairing the Annual General Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Company will also disregard any votes cast on these resolutions by or on behalf of a member of the Key Management Personnel (being those persons described as such in the Remuneration Report) or a closely related party of such a member unless the vote is cast as proxy for a person entitled to vote in accordance with a direction on the proxy form.

Resolution 5:

A vote on Resolution 5 may not be cast (in any capacity) by or on behalf of a person who holds a managerial or executive office in the Company and to whom the Resolution permits benefits to be given; or an associate of that person. Section 200E(2A) of the Corporations Act also prevents a retiring managerial or executive officer or any associate of the retiree from voting on this Resolution.

However this does not prevent the casting of a vote if it is cast by a person as proxy appointed in writing that specifies how the proxy is to vote on the resolution; and it is not cast on behalf of the person who holds a managerial or executive office in the Company and to whom the Resolution permits benefits to be given or an associate of that person.

Resolution 6:

The Company will disregard any votes cast on Resolution 6 by any person who may participate in the proposed issue or any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary Shares, and any associate of such person.

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

HOW TO VOTE

To vote on the Resolutions to be put to the Meeting follow these steps:

EITHER

1. Complete and return the proxy form by following the instructions set out below by not later than 10.30 am 11 November 2012.

OR

2. Attend the Meeting.

The sending of a proxy form will not prevent you from attending and voting at the Meeting.

PROXIES:

1. A member entitled to attend and vote at the Annual General Meeting has the right to appoint not more than two proxies.
2. A member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two proxies and the appointment does not specify the proportion or number of the member's votes, each proxy may exercise one half of the member's votes. Fractions of votes will be disregarded.
3. A proxy need not be a member of the Company. A proxy may be an individual or a body corporate.
4. Any corporation that is a shareholder of the Company may authorise (by a form of execution authorised by the laws of that corporation's place of incorporation, or in any other manner satisfactory to the Chairman) a natural person to act as its representative at the Annual General Meeting.
5. A proxy may decide whether to vote on any resolution, except where the proxy is required by law or the constitution to vote, or abstain from voting, in his or her capacity as proxy. If a proxy is directed how to vote on an item of business, the proxy may vote on that item only in accordance with the direction. If a proxy is not directed how to vote on an item of business, the proxy may vote as he or she thinks fit.
6. If the member appoints the chairperson of the Annual General Meeting as the member's proxy and does not specify how the chairperson is to vote on an item of business, the chairperson will vote, as proxy for that member, in favour of that item. If shareholders intend to appoint the chairperson of the meeting as their proxy particularly with respect to voting on resolutions 2 and 4, they can direct the chairperson to vote by either marking the relevant voting boxes for resolutions 2 and 4, or by marking the chairperson's box on the proxy form (in which case the chairperson of the meeting will vote in favour of those resolutions).
7. The member or his or her attorney must sign the proxy form or for proxies lodged through Intermediary Online (see paragraph 9(d) below), such proxies must be duly authenticated. Proxies given by corporations must be signed under the hand of a duly authorised officer (or officers) or attorney or executed by the corporation in accordance with the Corporations Act.
8. Key Management Personnel of the Company (being those persons described as such in the Remuneration Report) and their closely related parties will not be able to vote proxies on resolutions 2 and 4 unless shareholders direct them how to vote. Closely related parties are defined in the Corporations Act to include the spouses, dependants, certain other close family members of the members of Key Management Personnel as well as any companies controlled by such a member. Accordingly, if shareholders intend to appoint a member of the Key Management Personnel as their proxy, they should ensure that they explicitly direct them how to vote on resolutions 2 and 4.
9. To be valid, the form appointing the proxy and for proxies which are to be signed by the power of attorney or other authority (if any) under which it is signed (or a certified copy of that power of attorney or other authority) must be received by the Company's Registrar, Computershare Investor Services Pty Ltd, not later than 48 hours before the commencement of the Annual General Meeting (or any adjournment of the Annual General Meeting). Proxies may be lodged:
 - (a) by hand to Computershare Investor Services Pty Limited, at Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, 3067; or
 - (b) by post to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria, 3001; or
 - (c) by facsimile to 1800 783 447 within Australia, 61 3 9473 2555 outside Australia, together with a business hours telephone contact number; or
 - (d) for Intermediary Online subscribers only (custodians) visit www.intermediaryonline.com.
10. A proxy form accompanies this Notice of Meeting.

Definitions

Definitions in the Explanatory Notes and the Notice of Meeting.

ASX means ASX Limited.

Auditor means the Company's auditors, Deloitte Touche Tohmatsu.

Board means Board of Directors.

Company means Unity Mining Limited ABN 61 005 674 073.

Constitution means the Company's constitution.

Directors means the current Directors of the Company.

Executive Officer means a director, officer or employee of the Company who holds an executive or managerial office (within the meaning set out in the Corporations Act) in the Company or a related body corporate.

Listing Rules means the Listing Rules of ASX Limited.

Notice of Meeting means the notice of meeting attaching to and forming part of the Explanatory Notes, calling the Company's AGM

Resolution means a resolution (including a special resolution) set out in the Notice of Meeting.

Shares means fully paid ordinary shares in the capital of the Company.

If you have any questions about the Meeting, the Resolutions to be put to the Meeting or the proposals being considered, please contact the Company Secretary on (03) 8622 2322.

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EXPLANATORY NOTES

The information in this document relates to the resolutions to be considered at the Annual General Meeting (AGM) of members of the Company to be held on 13 November 2012. The Explanatory Notes should be read in conjunction with the Notice of Meeting and form part of the Notice of Meeting. The information in the Explanatory Notes relating to the Resolutions is provided in accordance with the requirements of the Listing Rules and the *Corporations Act 2001* (Cth) (**Corporations Act**).

Agenda Item 1. Financial Report

The Corporations Act requires that the Financial Report and the Reports of the Directors and Auditor be laid before the AGM. There is no requirement either in the Corporations Act or the Constitution for members to approve these Reports.

Members will be given a reasonable opportunity at the AGM to ask questions and make comments on these reports. The Auditor will be available to receive questions and comments from members about the preparation and content of the Auditor's report and the conduct of the audit.

Any member entitled to cast a vote at the AGM may submit written questions to the auditor if;

- (a) the question is relevant to:
 - (i) the content of the Auditor's Report to be considered at the AGM; or
 - (ii) the conduct of the audit of the 2012 Financial Report to be considered at the AGM; and
- (b) the member gives the question to the Company no later than the fifth business day before the day on which the AGM is held, that is, by no later than 6 November 2012.

Agenda Item 2. Remuneration Report

The Directors' Report for the year ended 30 June 2012 contains a Remuneration Report which sets out matters regarding the remuneration of the Directors and Company executives.

The Corporations Act requires that a resolution be put to the members that the Remuneration Report be adopted, however the Corporations Act expressly provides that the vote is advisory only and does not bind the Directors or the Company. However, if at least 25% of votes are cast against the resolution at two consecutive annual general meetings, a "board spill resolution" needs to be put to shareholders. If such a board spill resolution is passed by shareholders, the Company is required to hold a further meeting of shareholders within 90 days to consider replacing those directors (other than the managing director) in office at the time the remuneration report was approved by the board.

Members will be given a reasonable opportunity at the AGM to ask questions and make comments on this report.

Agenda Item 3. Re-election of Peter McCarthy

In accordance with ASX Listing Rule 14.4 and Rule 57 of the Company's Constitution, Directors must retire after the third AGM since they were last elected. Further, in accordance with the Company's Constitution, at the close of each AGM one-third of the Directors, or if their number is not a multiple of three, then the number nearest to but not more than one-third of the Directors, must retire. The Directors to retire by rotation at the AGM are those Directors who have been longest in office since their last election. The Managing Director is not subject to retirement by rotation and is, together with any Directors appointed during the year, not taken into account in determining the rotation of retirement of Directors.

Peter McCarthy therefore retires by rotation in accordance with the Constitution and being eligible for re-election, offers himself for re-election as a Director.

Professional Experience

Set out below is an overview of Mr McCarthy's professional background

Name: Peter McCarthy – BSc (Eng), MGeosc, FAusIMM (CP), MAICD

Position: Non-Executive Chairman, Member of the Audit & Risk Management Committee, Member of the Remuneration & Nomination Committee, Chairman of the Health, Safety & Environment Committee

Independent: Yes

Mr McCarthy has 43 years experience in the mining industry. He is the chairman of AMC Consultants, a prominent mining consultancy group in Australia, and a Non-Executive Director of Castlemaine Goldfields Limited and the Sovereign Hill Museums Association. He was President of the AusIMM in 2007 and 2008. His principal expertise is in underground mining and project evaluation. He joined the Board in September 2004 and was appointed Chairman in January 2006.

Recommendation

The Board members (Mr McCarthy abstaining) unanimously endorse the re-election of Mr McCarthy.

Agenda Item 4. Approval of the Managing Director's Performance Rights

Background to Long Term Incentive Plan

In 2010 the board of the Company adopted a long term incentive plan (LTI Plan) pursuant to which conditional performance rights (Performance Rights) could be offered to eligible participants in the plan to provide performance based incentives as part of their remuneration packages. Employees of the Company who are eligible to participate in the LTI Plan include an executive manager including a director who holds a salaried employment position or office. The Company currently proposes to issue performance rights under the LTI plan to the following eligible participants:

- a) the Company's Managing Director & Chief Executive Officer, Mr Andrew McIlwain; and
- b) the Company's Chief Financial Officer and Company Secretary, Mr Bill Geier; and
- c) the Company's General Manager, Discovery & Growth, Mrs Angela Lorrigan;
- d) the Company's General Manager Henty Gold Mine, Mr Matt Daly; and
- e) the Company's General Manager, Markets & Strategy, Mr Ben Hill.

Pursuant to ASX Listing Rule 10.14, shareholder approval is only required in respect of the proposed issue of performance rights under the LTI Plan to any director of the Company and their associates. Accordingly, Resolution 4 only concerns the operation of the LTI Plan as it relates to Mr McIlwain. A copy of the LTI Plan is available on the Company's website.

Mr McIlwain's Remuneration Package

Mr McIlwain was appointed on 2 December 2011. As announced on 10 November 2011, his remuneration package on commencement with the Company comprises:

- a fixed component of \$490,500 per annum reviewable annually;
- the opportunity to earn an annual short term incentive bonus of up to 35% of the fixed component if key business performance hurdles are achieved; and
- an entitlement to receive Performance Rights under the LTI Plan, subject to shareholder approval.

As this is the first Annual General Meeting since Mr McIlwain's appointment, approval is being sought in Resolution 4 in respect of the proposed grant of Performance Rights to Mr McIlwain under the LTI Plan as a component of his overall executive remuneration package put in place on his commencement with the Company.

Performance Rights offered

The Company proposes to make three annual grants to Mr McIlwain of Performance Rights under the LTI Plan. The Performance Rights will be issued to Mr McIlwain for nil consideration. The vesting of the Performance Rights is contingent on the Company achieving performance hurdles over a three year performance period (**Performance Hurdles**). Further details on how Performance Hurdles are calculated are described below.

The at-risk value of the annual grant of Performance Rights will represent approximately 30% of Mr McIlwain's total fixed remuneration. Based on a share price of 12 cents (being the same as the closing price of the Company's shares the day before finalising these Explanatory Notes), the initial tranche of 1,228,297 Performance Rights proposed to be issued to Mr McIlwain are worth approximately \$147,150.

The number of Performance Rights granted each year of the three year performance period will be calculated according to the following formula:

$$\text{Number of Performance Rights granted} = (\text{TFR} \times 30\%) / \text{VWAP};$$

where **TFR** is Mr McIlwain's total fixed remuneration, and **VWAP** is the volume weighted average price of the Company Shares in the one-month preceding the grant date.

If shareholders approve Resolution 4, the Company proposes to make the following grants of Performance Rights to Mr McIlwain at the following times:

Performance Rights offered	Performance Period	Proposed grant date
1,228,297 (calculated using the formula set out above)	2 December 2011 to 2 December 2014 (inclusive)	Within one month after Resolution 4 is passed.
(TFRx30%)/one month VWAP preceding 02/12/12*	2 December 2012 to 2 December 2015 (inclusive)	December 2012
(TFRx30%)/one month VWAP preceding 02/12/13*	2 December 2013 to 2 December 2016 (inclusive)	December 2013

*subject to the number of Rights being issued not exceeding the maximum number specified below.

The maximum number of Performance Rights that can be granted to Mr McIlwain under the LTI Plan is in total (over all three Performance Periods) 4,000,000.

Conversion of Performance Rights into Shares

Under the LTI Plan, the Company is required to issue, or procure the transfer of, Shares to Mr Mcllwain in respect of Performance Rights for nil cash consideration on:

- (a) the satisfaction of the Performance Hurdles (to the extent of the satisfaction of those hurdles) for the relevant Performance Period within three years from the date of each grant of Performance Rights (Performance Date) provided that in the absence of special circumstances Mr Mcllwain remains employed by the Company.; or
- (b) the occurrence of an Accelerated Event (more detail on the meaning of an Accelerated Event is provided below),

Performance Hurdles

Subject to an Accelerated Event, the Performance Rights will not vest unless the Performance Hurdles have been achieved by the Performance Date.

If the Performance Hurdles are not satisfied by the Performance Date the entitlement to Shares will lapse unless:

- (a) the Remuneration & Nomination Committee decide exceptional circumstances justify the reduction or waiver in whole or in part of the Performance Hurdles; or
- (b) an Accelerated Event occurs.

There is no ability to re-test whether or not the Performance Hurdles have been satisfied after the Performance Period has ended.

The number of Performance Rights which vest is determined by assessing the performance of the Company, as measured by Total Shareholder Return (TSR) at the Performance Date relative to a comparator group of companies (the **Performance Hurdle**). The VWAP of the Shares in the one-month preceding the Performance Date compared to VWAP of the Shares in the one month preceding the grant date, will be used in calculating TSR over the three year period. The TSR incorporates capital returns as well as dividends notionally reinvested and is considered the most appropriate means of measuring the Company's performance.

The broad comparator group chosen on which to compare the Company's performance is the S&P/ASX All Ords Gold sub-industry index. The average index level in the one-month preceding the Performance Date compared to the average index level in the one month preceding the grant date will be used in calculating the comparator group performance over the three year period.

Performance Rights will only convert to Shares subject to the Performance Period being met and subject to the Company's TSR being at least equal to the median of the comparator group performance. The entire annual allocation will convert if the Company's TSR is at the 75th percentile or higher than the comparator group performance. The detailed breakdown of the relationship between the Company's performance and the conversion of Performance Rights is:

- 0% converting if the Company TSR performance is below the median performance of the comparator group.
- 50% to 100% converting if the Company TSR performance is at or above the median performance of the comparator group, but below the 75th percentile performance of the comparator group.
- 100% converting if the Company TSR performance is at or above the 75th percentile performance of the comparator group.

Under the LTI Plan there will be a straight line pro-rata conversion of Performance Rights to Shares where the Company's TSR performance is between the median and 75th percentile performance.

In addition to the Performance Period and Performance Hurdles, the vesting of Performance Rights is subject to the continuing employment of Mr Mcllwain. Subject to an Accelerated Event, Performance Rights will generally lapse on Mr Mcllwain's resignation or dismissal.

The total value at grant date of the Shares that Mr Mcllwain may receive if the Performance Hurdles are met depends on Mr Mcllwain's total fixed remuneration at each grant date. For example, assuming Mr Mcllwain's current FY11 total fixed remuneration increased by 3% per annum over the three year period over which Performance Rights are to be granted, and all Performance Rights are converted to Shares, the value of the Shares issued at the grant dates would be \$453,926.

The at-risk value of the annual grant of Performance Rights will equal 30% of Mr Mcllwain's total fixed remuneration at the grant date. Hence assuming a fixed TFR during the three year period over which the Performance Rights are to be granted, the number of Performance Rights to be offered in subsequent periods will decrease with an increased share price, and increase with a decreased share price, subject to a maximum total number of Performance Rights to be granted of 4,000,000 over the three year term of the plan.

If an Accelerated Event occurs, all Performance Rights granted will automatically vest into Shares, irrespective of whether Performance Hurdles have been achieved.

To the extent that Performance Hurdles have not been satisfied in respect of a Performance Right, and an Accelerated Event has not occurred, once a Performance Period expires, that Performance Right lapses.

Legal Requirements - Listing Rule 10.14

Listing Rule 10.14 provides that a company must not permit a Director or their associates to acquire securities under an employee incentive scheme without shareholder approval. The LTI Plan constitutes an 'employee incentive scheme' under the ASX Listing Rules.

Disclosures for the purposes of Listing Rule 10.14

It is proposed that the Managing Director & Chief Executive Officer, Mr Mcllwain, will participate in the LTI Plan by being granted an award of Performance Rights. As Mr Mcllwain is a director of the Company, shareholder approval is required in respect of the proposed grant of Performance Rights to Mr Mcllwain and the issue of Shares on the vesting of such Performance Rights upon satisfaction of the applicable vesting conditions. The Notice of Meeting and Explanatory Notes have been prepared to comply with Listing Rule 10.15A. No director of the Company, other than Mr Mcllwain, is eligible for participation in the LTI Plan.

The following disclosures are made for the purposes of Listing rule 10.15A:

- (a) the maximum number of Performance Rights that can be awarded to Mr Mcllwain under this approval is 4,000,000. Subject to the satisfaction of the vesting conditions described above, Mr Mcllwain will receive one share in the Company for each Performance Right granted;
- (b) no consideration is payable on the grant of the Performance Rights, or the conversion of each Performance Right into a Share upon satisfaction of the vesting conditions;
- (c) Mr Rod Hanson is the only director (ie person referred to in Listing Rule 10.14) who previously received Performance Rights under the LTI Plan. He received 2,391,364 shares for nil consideration.
- (d) Mr Andrew Mcllwain is the only director (ie person referred to in Listing rule 10.14) entitled to participate in the LTI Plan;
- (e) no loan will be made by the Company in relation to the grant of Performance Rights to Mr Mcllwain;
- (f) details of any Performance Rights issued under the LTI Plan will be published in each annual report of the Company relating to a period in which the Performance Rights have been issued, and the annual report will confirm that approval for the issue of securities was obtained under Listing Rule 10.14;
- (g) any director other than Mr Mcllwain who becomes entitled to participate in the LTI Plan after Resolution 4 is approved and who was not named in these Explanatory Notes will not participate until approval is obtained under Listing Rule 10.14; and
- (h) it is proposed that the Performance Rights will be granted to Mr Mcllwain in three tranches no later than three years after the AGM. Subject to the passing of the resolution item 4, it is expected that the first tranche of 1,228,297 Performance Rights will be granted no later than one month after the meeting.

Advantages and Disadvantages

The Board notes that advantages may accrue to the Company and members as a result of the passing of this Resolution. These advantages potentially include the alignment of Mr Mcllwain's interests more closely with those of members, with a strong focus on the delivery of long term total shareholder return.

The Board notes that disadvantages may accrue to the Company and members as a result of the passing of this Resolution. These disadvantages include dilution to members' interest in the Company as a result of the grant of Shares under the Performance Rights. The fair value of the Performance Rights over the Performance Periods will be expensed in the Company's Consolidated Statement of Comprehensive Income.

Board Recommendation

The Remuneration and Nomination Committee has approved the grant of Performance Rights to Mr Mcllwain to secure his tenure with the Company as part of his remuneration as Managing Director and to provide an incentive to improve the financial performance of the Company and, in turn, shareholder value.

The Board (Mr Mcllwain abstaining) considers the grant of Performance Rights to Mr Mcllwain in these circumstances to be appropriate and reasonable and recommends you vote in favour of this resolution.

Agenda Item 5. Approval of the Issue of Performance Rights on Accelerated Event and Payment of Termination Benefit

Why is this resolution being proposed?

Members may be aware of changes to the Corporations Act in November 2009 relating to 'golden handshake' provisions. Sections 200B and 200E of the Corporations Act prohibit the Company from giving a person, who holds or has held in the previous 3 years a managerial or executive office in the Company or a related body corporate, a benefit in connection with that person's retirement from office, or position of employment in excess of that person's annual base salary, unless approved by shareholders or such benefit is exempt from the need for shareholder approval.

A consequence of the changes is that it may, in general terms, prohibit the Company from providing the benefit of converting an Executive Officer's Performance Rights into Shares upon an accelerated event, such as termination without cause. The value of the benefit associated with an accelerated event is the '**Acceleration Benefit**'. The value of the Acceleration Benefit, when combined with the Executive Officer's existing termination benefits payable in cash, may cause the combined termination benefit (including the Acceleration Benefit) to exceed the limit permitted under the Corporations Act without shareholder approval. Broadly the limit is prescribed as the average annual base salary of the relevant Executive Officer.

This resolution is proposed to seek shareholder approval to pay or provide the Executive Officers a combined termination benefit, comprising both a payment and the Acceleration Benefit, potentially in excess of their average annual base salary remuneration.

At the Annual General Meeting of the Company in 2010, shareholders approved a resolution to pay or provide certain named Executive Officers with a combined termination benefit, comprising both a payment and the Acceleration Benefit, potentially in excess of their average annual base salary remuneration. However, as it is not clear whether the scope of this previous approval also extends to future Executive Officers, shareholder approval is again sought to clarify the position in respect of current and future Executive Officers.

If you approve this resolution, what can the Company do?

Approval by members of Resolution 5 will give the Company authority to convert any vested Performance Rights that the Executive Officers may hold into Shares upon an accelerated event, even if the value of the associated Acceleration Benefit, when combined with the Executive Officer's existing termination benefit (described below as, in summary, an existing benefit of a 12 month notice period) exceeds his or her average annual base salary remuneration.

It does not give the Board authority to pay ex-gratia golden handshakes to Executive Officers. It does not give authority to accelerate the vesting of any Performance Rights.

What are the advantages to members of this resolution?

The Board notes that advantages may accrue to the Company and members as a result of the passing of this Resolution. These advantages include the continuing focus of the Executive Officers on members' long term interests.

The Board recognises that the sector in which the Company operates is highly dynamic with significant merger and acquisition activity. The passing of this resolution will enable the Executive Officers to receive any accrued benefits under the LTI Plan that may otherwise be lost or voided under a takeover or other Accelerated Event. The Board considers it advantageous that the Executive Officers should be entitled, in these limited circumstances, to receive the benefits of any granted at-risk component of their remuneration. Particularly in the case where the ability of the Executive Officers to achieve the time and performance hurdles which govern the Performance Rights conversion to Shares is frustrated by action potentially outside of the Executives Officers' control.

The Board believes that keeping the senior executives focussed on long term value creation will be in the best interests of all shareholders and considers this resolution will honour its long term incentive commitment to the executives.

What are the disadvantages of members of this resolution?

The Board notes that disadvantages may accrue to the Company and members as a result of the passing of this Resolution. These disadvantages include dilution to members' interest in the Company as a result of the grant of Shares under the Performance Rights. The fair value of the Performance Rights over the Performance Periods will be expensed in the Company's Consolidated Statement of Comprehensive Income.

Further, it should be noted that approval of this resolution may cause the conversion of granted Performance Rights that the Executive may hold into Shares upon an Accelerated Event. This conversion will occur irrespective of the performance hurdles being passed.

What is the Board's recommendation?

The Board considers the proposal of this resolution to be appropriate and reasonable and recommends that all eligible shareholders vote in favour.

Maximum benefit payable

- Existing benefit

The Managing Director & Chief Executive Officer currently has a 12 month notice period of employment as a termination benefit.

- New proposed additional benefit

The LTI Plan provides eligible participants, including the Managing Director & Chief Executive Officer, Andrew Mcllwain, and other executive and managerial staff, with an at-risk component to their remuneration packages. The delivery of the benefit will depend on meeting time and performance hurdles (subject to any earlier Acceleration Benefit occurring). Accordingly, benefits under the LTI Plan may accrue to Executive Officers that arise from accelerated vesting of rights under the plan in certain circumstances. Circumstances in which such vesting can occur include illness, death, redundancy and termination without cause, and a change in control of the Company.

The value of the Shares the Executive Officer may receive under the LTI Plan if the performance hurdles are met depends on the Executive Officer's total fixed remuneration at the relevant grant date. For example, in the case of the Managing Director & Chief Executive Officer, assuming the total fixed remuneration increased by 3% per annum and all Performance Rights are converted to Shares, the value would be \$453,926.

This benefit is capped by the maximum number of performance rights that may be issued under the LTI Plan. In the case of the current Executive Officers and based on, this comprises Andrew Mcllwain (4,000,000), Bill Geier (2,436,974), Angela Lorrigan (2,269,931), Ben Hill (1,884,474) and Matt Daily (2,841,357). The value of this maximum benefit to the Executive Officers will depend on the share price at the time of conversion. For example, at 12c/share, the maximum benefit paid in Shares would be \$480,000 to the Managing Director & Chief Executive Officer and at 15c/share would be \$600,000.

Background

The LTI Plan was introduced in 2010 for Executive Officers. As at the date of finalising these Explanatory Notes, Executive Officers eligible to participate in the LTI Plan include Andrew Mcllwain (Managing Director & Chief Executive Officer), Bill Geier (Chief Financial Officer and Company Secretary), Ben Hill (General Manager - Markets & Strategy), Angela Lorrigan (General Manager - Discovery & Growth) and Matt Daily (General Manager - Henty Gold Mine). However, other Executive Officers may be eligible to participate in the LTI Plan in future and this resolution is also intended to relate to them.

As discussed in relation to Item 4 above, Performance Rights will only convert to Shares subject to:

- (a) the Performance Hurdles applicable to the Performance Rights being met by the Performance Date;
- (b) the Remuneration & Nomination Committee deciding exceptional circumstances justify the reduction or waiver in whole or in part of the Performance Hurdle; or
- (c) an Accelerated Event occurring.

Under the LTI Plan, the Executive Officers are eligible for a termination benefit to be paid in certain circumstances when their office or employment with the Company or a related body corporate is terminated (**Termination Benefit**). More detail on any Termination Benefit payable by the Company is provided below.

Accelerated Event

Performance Rights granted under the LTI Plan will convert to Shares if an Accelerated Event has occurred. For the avoidance of doubt, if an Accelerated Event occurs, the Performance Hurdles and the associated Performance Period do not apply to any of the Performance Rights granted under the LTI Plan to an Executive Officer.

An 'Accelerated Event' means:

- (a) the Company becoming aware of a change of control of the Company occurring;
- (b) a compromise or arrangement is approved by the Court under the Corporations Act in connection with a scheme for the acquisition, reorganisation or merger of the Company;
- (c) the Company is delisted from ASX;
- (d) a resolution is passed to wind up the Company; or
- (e) only in respect of the relevant Executive Officer, a special circumstance occurs (**Special Circumstance**). Special Circumstance means with respect to an Executive Officer:
 - (i) Total and permanent disablement;
 - (ii) Redundancy;
 - (iii) the death of the Executive Officer during his or her employment or office with the Company; or
 - (iv) any other circumstance as the Remuneration & Nomination Committee may at any time determine from time to time.

The Company is seeking member approval for the purposes of section 200B and 200E of the Corporations Act for any termination benefit arising from the grant, vesting or conversion of Performance Rights from time to time granted to Executive Officers including as a result of an Accelerated Event.

Termination Benefit

The Company is also seeking member approval for the purposes of sections 200B and 200E of the Corporations Act for any Termination Benefit that is payable. A Termination Benefit is payable where an Executive Officer:

- (a) is entitled to receive a payment from the Company on termination of employment by the Company; or
- (b) is otherwise made redundant.

The amount of a Termination Benefit includes up to 12 months' pay in lieu of the Company giving notice of termination of office or employment.

Legal Requirements – Accelerated Event and Termination Benefit

Subject to a number of exceptions, shareholder approval must be given for the purposes of sections 200B and 200E of the Corporations Act for the Company to give a person a benefit in connection with that person's retirement from office, or position of employment, in a company or a related body corporate if:

- (a) the office or position is a managerial or executive office; and
- (b) the retiree has, at any time during the last three years before his or her retirement, held a managerial or executive office in the Company or a related body corporate.

A person holds a 'managerial or executive office' in the Company during a financial year if the person's remuneration details were included in the directors' report of the Company for the previous financial year. The person's remuneration details will be so included if the person is a member of the Company's 'key management personnel' or one of the five named executives who receive the highest remuneration.

The term 'benefit' has a wide operation and extends to:

- (a) early vesting of the Performance Rights under any of the categories of Accelerated Event as described above; and
- (b) payment of any Termination Benefit (but excludes payments for accrued annual leave and long-service leave).

Resolution 5 has therefore been proposed to deal with Acceleration Benefits in respect of Performance Rights granted under the LTI Plan and any payment of a Termination Benefit.

The Resolution applies to:

- (a) the Performance Rights proposed to be granted under the LTI Plan to eligible Executive Officers and such Performance Rights vest in accordance with an Accelerated Event; and
- (b) any Termination Benefit payable to Executive Officers.

The value of any Acceleration Benefit cannot currently be ascertained. The details of the Acceleration Benefits for which approval is sought are as follows:

Description of benefit	Manner in which value to be calculated	Matters, events and circumstances that will, or are likely to, affect the calculation of value
Vesting of granted Performance Rights if the Executive Officer ceases employment, or is no longer in office, with the Company, prior to the end of the Performance Period due to an Accelerated Event.	The Company will calculate the value of this benefit as being equal to the value of the number of Performance Rights that vest, where that value is determined as being equal to the closing market price of a Share on ASX, on the ASX trading day before the date of the calculation.	<p>(a) The number of Performance Rights held by the Executive Officer prior to cessation of employment or loss of office with the Company;</p> <p>(b) the amount of time of the three year performance rights plan that has elapsed by the date that employment or office ceases; and</p> <p>(c) the closing market price of Shares on ASX on the ASX trading date before the date of calculation.</p>

The amount of any Termination Benefit cannot currently be ascertained. The details of the Termination Benefit for which approval is sought are as follows:

Description of benefit	Manner in which value to be calculated	Matters, events and circumstances that will, or are likely to, affect the calculation of value
<p>Payment of Termination Benefit where an Executive Officer or any other persons who hold a managerial or executive office in the Company:</p> <p>(a) has their employment or position terminated on notice by the Company; or</p> <p>(b) is otherwise made redundant.</p>	The Company will calculate the value of this benefit as including Up to 12 months' pay in lieu of the Company giving notice of termination of office or employment.	The amount the person eligible for the Termination Payment is entitled to receive from the Company by way of remuneration at the time of this termination.

Advantages and Disadvantages

The Board notes that advantages may accrue to the Company and members as a result of the passing of this Resolution. These advantages include the continuing focus of the Company's Executive Officers on members' long term interests.

The Board recognises that the sector in which the Company operates is highly dynamic with significant merger and acquisition activity. The passing of this resolution will enable the Executive Officers to receive any accrued benefits under the LTI Plan that may otherwise be lost or voided under a takeover or other Accelerated Event. The Board considers it advantageous that the Executive Officers should be entitled, in these limited circumstances, to receive the benefits of any granted at-risk component of their remuneration. Particularly in the case where the ability of the Executive Officers to achieve the time and performance hurdles which govern the Performance Rights conversion to Shares is frustrated by action potentially outside of the Executive Officers' control.

The Board believes that keeping the senior executives focussed on long term value creation will be in the best interests of all shareholders and considers this resolution will recognise its long term incentive commitment to the executives.

The Board notes that disadvantages may accrue to the Company and members as a result of the passing of this Resolution. These disadvantages include dilution to members' interest in the Company as a result of the grant of Shares under the Performance Rights. The fair value of the Performance Rights over the Performance Periods will be expensed in the Company's Consolidated Statement of Comprehensive Income.

Further, it should be noted that approval of this resolution may cause the conversion of granted Performance Rights that the Executive Officer may hold into Shares upon an Accelerated Event occurring. This conversion will occur irrespective of the performance hurdles being passed.

Board Recommendation

The Board considers the adoption of this resolution to be appropriate and reasonable and recommends you vote in favour.

Agenda Item 6. Approval of 10% Placement Capacity under Listing Rule 7.1A

Under Resolution 6, the Company is seeking shareholder approval to create an ability to issue up to an additional 10% of the issued share capital of the Company under ASX Listing Rule 7.1A (**10% Placement**). Resolution 6 is a special resolution and requires approval of 75% of the votes cast by Shareholders present and eligible to vote. The only securities that the 10% Placement can cover are existing quoted securities, namely ordinary fully paid Shares.

Eligibility criteria

Under Listing Rule 7.1A which has recently been inserted into the Listing Rules, an eligible listed entity may, subject to shareholder approval by way of special resolution, issue Shares comprising up to 10% of its issued share capital in addition to the normal 15% new issue capacity under Listing Rule 7.1. An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

Placement capacity under Listing Rule 7.1 and 7.1A

The 10% Placement is in addition to a listed entity's usual 15% placement capacity under Listing Rule 7.1

As at the date of finalisation of this Notice of Meeting, the Company has 505,250,467 Shares on issue and therefore, in addition to any other Shares which it can issue under the permitted exceptions to Listing Rules 7.1 and 7.1A, it has the capacity to issue:

- 75,787,570 Shares under Listing Rule 7.1; and
- subject to shareholder approval being obtained under Resolution 6, 50,525,047 Shares under Listing Rule 7.1A.

The actual number of Shares that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Shares in accordance with the formula in Listing Rule 7.1A.2.

Minimum issue price

In accordance with Listing Rule 7.1A, Shares issued by the Company under a 10% Placement can only be issued at a price that is not less than 75% of the VWAP (volume weighted average price) of the Shares calculated over the 15 trading days on which trades in its Shares were recorded immediately before:

- the date on which the issue price of the Shares is agreed; or
- the issue date (if the Shares are not issued within five trading days of the date on which the issue price is agreed).

Placement period

Shareholder approval under Listing Rule 7.1A is valid from the date of this AGM until the earlier to occur of:

- 12 months after the date of the AGM; and
- the date of approval by Shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX.

Shareholder approval under Listing Rule 7.1A does not lapse if the Company's market capitalisation subsequently exceeds \$300 million or if it is included in the S&P/ASX 300 Index at some time during that period provided that the Company meets those criteria on the date of the AGM.

Dilution to existing shareholdings

If Resolution 6 is approved by Shareholders and the Company issues Shares under the 10% Placement, there is a risk of economic and voting dilution to existing Shareholders as a result. Further, as the market price of the Company's Shares may be significantly lower on the issue date than on the date of AGM approval, and because the Shares may be issued at a price that is at a discount to the market price on the issue date, there is a risk that the 10% Placement may raise less funding than it would based on current market prices.

As required by Listing Rule 7.3A.2, the table below shows a number of hypothetical scenarios for a 10% Placement where variable "A" in the formula in Listing Rule 7.1A.2 (representing the Company's share capital) has increased by either 50% or 100%, and the share price has decreased by 50% or increased by 100% from the approximate share price as at the date of finalisation of this Notice of Meeting.

Dilution table

Share Capital (Variable 'A' in Listing Rule 7.1A.2)		Dilution table		
		\$0.06 50% decrease in Issue Price	\$0.12 Issue Price	\$0.24 100% increase in Issue Price
Current 505,250,467 Shares	Number of Shares	50,525,047	50,525,047	50,525,047
	Funds raised	\$3,031,503	\$6,063,006	\$12,126,011
50% increase 757,875,701 Shares	Number of Shares	75,787,570	75,787,570	75,787,570
	Funds raised	\$4,547,254	\$9,094,508	\$18,189,017
100% increase 1,010,500,934 Shares	Number of Shares	101,050,093	101,050,093	101,050,093
	Funds raised	\$6,063,006	\$12,126,011	\$24,252,022

The dilution table has been prepared on the following hypothetical assumptions. The Company does not represent that they will necessarily occur:

- (a) the Company issues the maximum number of Shares available under the 10% Placement;
- (b) any increase in Variable A (being the issued share capital at the time of issue) is due to an issue of Shares which is an exception in Listing Rule 7.2, for example a pro-rata rights issue. However, a 15% placement under Listing Rule 7.1 does not increase variable "A" for the purposes of calculating the placement capacity under Listing Rule 7.1A;
- (c) the table shows only the effect of issues of Shares under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1;
- (d) the table does not show the dilution that may be caused to any particular Shareholder by reason of placements under Listing Rule 7.1A, based on that Shareholder's holding at the date of the AGM. For instance, Shareholders will have different outcomes depending on whether or not they participate in a pro-rata issue which has the effect of increasing variable "A"; and
- (e) the current Share price is assumed to be \$0.12, being the Share price on 5 September 2012 immediately prior to finalising this Notice of Meeting.

Purpose of the 10% Placement

The Company may seek to issue Shares under the 10% Placement for either:

- a cash issue price. In this case, the Company may use the funds for working capital or for other corporate purposes; or
- non-cash consideration, such as for the acquisition of new assets or investments, subject to any applicable ASX requirements.

In either case, the cash issue price or the value of the non-cash consideration must comply with the minimum issue price noted above.

Allocation policy

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue under the 10% Placement. The identity of the allottees under the 10% Placement will be determined on a case by case basis having regard to the factors including the following:

- the methods of raising funds that are available to the Company, including a rights issue or other issue in which existing shareholders can participate;
- the effect of the issue of the Shares on the control of the Company;
- the financial situation and solvency of the Company; and
- advice from corporate, financial and broking advisors (if applicable).

The allottees under the 10% Placement have not been determined as at the date of finalisation of this Notice of Meeting and may include existing substantial Shareholders and/or new Shareholders, but the allottees cannot include any directors, related parties or associates of a related party of the Company without a further specific shareholder approval.

Voting exclusion

A voting exclusion statement is included in the Notice of Meeting. At the date of finalisation of the notice, the Company has not approached any particular existing Shareholder or an identifiable class of existing Shareholders to participate in the issue of the Shares. No existing Shareholder's vote will therefore be excluded under the voting exclusion in the Notice of Meeting.

Previous approval

The Company has not previously obtained Shareholder approval under Listing Rule 7.1A.

Recommendation

As at the date of finalisation of these Explanatory Notes, the Company has no plans to raise additional capital. However, most eligible resource companies are seeking this form of newly available shareholder approval to enable a capital raising to be implemented if appropriate during the following year. Accordingly, shareholder approval of Resolution 6 is considered to be a prudent approach.

The Directors believe that Resolution 6 will provide the Company with flexibility to raise capital quickly if advantageous terms are available, and is in the best interests of the Company. The Directors recommend that Shareholders vote in favour of this Resolution.