



EUMERALLA
RESOURCES

EUMERALLA RESOURCES LIMITED

ACN 148 860 299

NOTICE OF ANNUAL GENERAL MEETING

TIME: 9.30am WST

DATE: Tuesday, 26 November 2013

PLACE: Palisade Business Consulting
22 Lindsay St
Perth WA 6000

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

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9328 6262

For personal use only

CONTENTS PAGE

Business of the Meeting (setting out the proposed Resolutions)	3
Explanatory Statement (explaining the proposed Resolutions)	7
Glossary	13
Schedule 1 – Summary of Performance Rights Plan Terms	15
Schedule 2 – Terms and Conditions of Performance Rights	17
Annual General Meeting – Appointment of Proxy Form	18
Instructions for completing 'Appointment of Proxy' Form	19

IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the annual general meeting of the Shareholders to which this Notice of Meeting relates will be held at 9.30am WST on Tuesday, 26 November 2013 at:

Palisade Business Consulting
22 Lindsay St
Perth WA 6000

YOUR VOTE IS IMPORTANT

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

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 9.30am WST on 22 November 2013.

VOTING IN PERSON

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

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

BUSINESS OF THE MEETING

AGENDA

ORDINARY BUSINESS

Financial Statements and Reports

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2013 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

“That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2013.”

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (c) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (d) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR JACK JAMES

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

“That, for the purpose of clause 11.3 of the Constitution and for all other purposes, Mr Jack James, a Director, retires, and being eligible, is re-elected as a Director.”

3. RESOLUTION 3 – ADOPTION OF PERFORMANCE RIGHTS PLAN

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

“That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme, being the Performance Rights Plan, and for the issue of securities under the Performance Rights Plan, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this resolution by a Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person described above may vote on this Resolution if:

- (c) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (d) the vote is not cast on behalf of a person described in sub-paragraphs (a) or (b) above.

4. RESOLUTION 4 – ISSUE OF PERFORMANCE RIGHTS TO MR HYNES

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

“That, subject to the passing of Resolution 3, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue 1,200,000 Performance Rights to Mr Michael Hynes (or his nominee) in accordance with the terms and conditions set out in the Explanatory Statement.”

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Michael Hynes and his nominee and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:

- (i) a member of the Key Management Personnel; or
- (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

5. RESOLUTION 5 – ISSUE OF PERFORMANCE RIGHTS TO MR HYNDES

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

“That, subject to the passing of Resolution 3, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue 1,200,000 Performance Rights to Mr James Hyndes (or his nominee) in accordance with the terms and conditions set out in the Explanatory Statement.”

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr James Hyndes and his nominee and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
- (i) a member of the Key Management Personnel; or
- (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

6. RESOLUTION 6 – ISSUE OF PERFORMANCE RIGHTS TO MR JAMES

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

“That, subject to the passing of Resolution 3, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and

issue 600,000 Performance Rights to Mr Jack James (or his nominee) in accordance with the terms and conditions set out in the Explanatory Statement.”

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Jack James and his nominee and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

DATED: 23 OCTOBER 2013

BY ORDER OF THE BOARD



**JACK JAMES
COMPANY SECRETARY**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2013 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.eumerallaresources.com.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The remuneration report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2013.

A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

2.2 Voting consequences

Under the Corporations Act, if at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report in two consecutive annual general meetings, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of directors of the Company (**Spill Resolution**) at the second annual general meeting.

If more than 50% of shareholders vote in favour of the Spill Resolution, the company must convene the extraordinary general meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the Company's annual financial report for the financial year ended immediately before the second annual general meeting) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

At the Company's previous annual general meeting no votes were cast against the remuneration report considered at that annual general meeting. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

2.3 Proxy Restrictions

Shareholders appointing a proxy for Resolution 1 should note the following:

If you appoint a member of the Key Management Personnel as your proxy

If you elect to appoint a member of Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of that member, ***you must direct the proxy how they are to vote***. Undirected proxies granted to these persons will not be included in any vote on Resolution 1.

If you appoint the Chair as your proxy

If you elect to appoint the Chair as your proxy, you ***do not*** need to direct the Chair how you wish them to exercise your vote on Resolution 1, however if you do not direct the Chair how to vote, ***you must tick the acknowledgement on the proxy form to acknowledge that the Chair may exercise their discretion in exercising your proxy even though Resolution 1 is connected directly or indirectly with the remuneration of Key Management Personnel***.

If you appoint any other person as your proxy

You ***do not*** need to direct your proxy how to vote, and you ***do not*** need to tick any further acknowledgement on the proxy form.

3. RESOLUTION 2 – RE-ELECTION OF MR JACK JAMES

Clause 11.3 of the Constitution provides that:

- (a) at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election;
- (b) the Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots;
- (c) a Director who retires by rotation under clause 11.3 of the Constitution is eligible for re-election; and
- (d) in determining the number of Directors to retire, no account is to be taken of:
 - (i) a Director who only holds office until the next annual general meeting pursuant to clause 11.10 of the Constitution; and/ or
 - (ii) a Managing Director,

each of whom are exempt from retirement by rotation. However, if more than one Managing Director has been appointed by the Directors, only one of them (nominated by the Directors) is entitled to be excluded from any determination of the number of Directors to retire and/or retirement by rotation.

A Director who retires by rotation under clause 11.3 of the Constitution is eligible for re-election.

The Company currently has 3 Directors subject to clause 11.3 of the Constitution. The number closest to one third of three is one. Accordingly, one Director must retire by rotation under clause 11.3 of the Constitution at the Annual General Meeting.

Messrs Jack James, Michael Hynes and James Hyndes have all been in office for the same length of time since their last re-election on 29 November 2012. In accordance with the Constitution, Mr Jack James has been selected by lot to retire by rotation and seek re-election.

Mr James retires by rotation and seeks re-election.

4. RESOLUTION 3 – APPROVAL OF PERFORMANCE RIGHTS PLAN

Resolution 3 seeks Shareholder approval for the adoption of the Performance Rights Plan, in accordance with ASX Listing Rule 7.2 (Exception 9(b)).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 3 is passed, the Company will be able to issue Performance Rights under the Performance Rights Plan (**Plan**), to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

Shareholders should note that no Performance Rights have previously been issued under the Plan.

The objective of the Plan is to attract, motivate and retain key employees, Directors and contractors and it is considered by the Company that the adoption of the Plan and the future issue of Performance Rights under the Plan will provide selected participants with the opportunity to participate in the future growth of the Company.

Any future issues of Performance Rights under the Plan to a related party or a person whose relation with the company or the related party is, in ASX's opinion, such that approval should be obtained, will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

A summary of the key terms and conditions of the Performance Rights Plan is set out in Schedule 1.

In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of each Plan can also be sent to Shareholders upon request to the Company Secretary (Jack James). Shareholders are invited to contact the Company if they have any queries or concerns.

5. RESOLUTIONS 4 TO 6 – ISSUE OF PERFORMANCE RIGHTS TO MESSRS HYNES, HYNDES AND JAMES

5.1 General

The Company has agreed, subject to obtaining Shareholder approval and the passing of Resolutions 4 to 6, to allot and issue the following Performance Rights:

- (a) to Mr Hynes (or his nominee):

- (i) 200,000 Tranche 1 Performance Rights;
- (ii) 400,000 Tranche 2 Performance Rights;
- (iii) 600,000 Tranche 3 Performance Rights;
- (b) to Mr Hyndes (or his nominee):
- (i) 200,000 Tranche 1 Performance Rights;
- (ii) 400,000 Tranche 2 Performance Rights;
- (iii) 600,000 Tranche 3 Performance Rights; and
- (c) to Mr James (or his nominee):
- (i) 100,000 Tranche 1 Performance Rights;
- (ii) 200,000 Tranche 2 Performance Rights;
- (iii) 300,000 Tranche 3 Performance Rights,

on the terms and conditions set out below.

The Performance Rights are being issued to Messrs Hynes (or his nominee) Hyndes (or his nominee) and James (or his nominee) (**Related Parties**), as an incentive to:

- (a) assist in the reward, retention and motivation of the Related Parties;
- (b) link the reward of the Related Parties to performance and the creation of Shareholder value;
- (c) align the interests of the Related Parties more closely with the interests of Shareholders by providing an opportunity for the Related Parties to receive Shares;
- (d) provide the Related Parties with the opportunity to share in any future growth in value of the Company; and
- (e) provide greater incentive for the Related Parties to focus on the Company's longer term goals.

5.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

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

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

The issue of Performance Rights constitutes giving a financial benefit and the Related Parties are related parties of the Company by virtue of being Directors.

The Directors (other than Mr Hynes in relation to Resolution 4, Mr Hyndes, in relation to Resolution 5 and Mr James in relation to Resolution 6, given their material personal interests in those Resolutions) have resolved that Shareholder approval pursuant to

Chapter 2E of the Corporations Act is not required in respect of the issue of Performance Rights because the reasonable remuneration exception in Section 211 of the Corporations Act applies.

5.3 ASX Listing Rule 10.11

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

If Resolutions 4 to 6 are passed, Performance Rights will be issued to the Related Parties, each a Director of the Company and it is the view of the Company that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances. Therefore, the Company requires Shareholder approval to issue the Performance Rights to the Related Parties.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Performance Rights as approval is being obtained under ASX Listing Rule 10.11. The issue of Performance Rights to the Related Parties will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

5.4 Vesting Conditions of the Performance Rights

As stated in section 5.1 above, the Company has agreed to grant Performance Rights to the Related Parties. The conditions that must be met in order for the Performance Rights to vest with the Related Parties are as follows.

- (a) Tranche 1 Performance Rights: the VWAP is greater than \$0.25 or above for a consecutive 10 day ASX trading period;
- (b) Tranche 2 Performance Rights: the VWAP is greater than \$0.35 or above for a consecutive 10 day ASX trading period; and
- (c) Tranche 3 Performance Rights: the VWAP is greater than \$0.45 or above for a consecutive 10 day ASX trading period.

The Performance Rights will otherwise be issued on the terms and conditions set out in Schedule 2, and on terms that are materially similar to any Performance Rights issued under the Performance Rights Plan, the terms of which are set out in Schedule 1.

5.5 Technical information required ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of Performance Rights to the Related Parties:

- (a) the related parties are Messrs Hynes, Hyndes and James (or their nominees), who are each a related party by virtue of being a Director;
- (b) the maximum number of Performance Rights to be issued is 3,000,000, which will be issued as set out in section 5.1 above;
- (c) the Performance Rights will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Performance Rights will occur on the same day;
- (d) the Performance Rights are being issued for nil cash consideration, accordingly no funds will be raised; and

- (e) the Performance Rights will be issued on the terms and conditions set out in Schedule 2 and on terms that are materially similar to any Performance Rights issued under the Performance Rights Plan, the terms of which are set out in Schedule 1.

6. ENQUIRIES

Shareholders are requested to contact Mr Jack James on (+ 61 8) 9328 6262 if they have any queries in respect of the matters set out in these documents.

For personal use only

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001* (Cth).

Company means Eumeralla Resources Ltd (ACN 148 860 299).

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

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

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Performance Rights means the Tranche 1, 2 and 3 Performance Rights.

Performance Rights Plan means the employee incentive scheme of that name for which shareholder approval is sought under Resolution 3, the terms of which are summarised at Schedule 1.

Proxy Form means the proxy form accompanying the Notice.

Related Parties means Messrs Michael Hynes (or his nominee), James Hyndes (or his nominee) and Jack James (or his nominee).

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

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

Shareholder means a holder of a Share.

Tranche 1 Performance Rights means the performance rights to be issued to the Related Parties under Resolutions 4 to 6, which are subject to the vesting conditions set out in section 5.4(a) of the Explanatory Statement and otherwise on the terms and conditions set out in Schedule 2.

Tranche 2 Performance Rights means the performance rights to be issued to the Related Parties under Resolutions 4 to 6, which are subject to the vesting conditions set out in section 5.4(b) of the Explanatory Statement and otherwise on the terms and conditions set out in Schedule 2.

Tranche 3 Performance Rights means the performance rights to be issued to the Related Parties under Resolutions 4 to 6, which are subject to the vesting conditions set out in section 5.4(c) of the Explanatory Statement and otherwise on the terms and conditions set out in Schedule 2.

VWAP means the volume weighted average price of Shares traded on the ASX.

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

SCHEDULE 1 – SUMMARY OF PERFORMANCE RIGHTS PLAN TERMS

The Performance Rights entitle the holder (**Participant**) to Shares on the following terms and conditions.

- (a) **Eligible Participants:** All Directors, full and part time employees and contractors of a Group Company are eligible to participate in the Performance Rights Plan.
- (b) **Offers:** The Board may, from time to time, at its absolute discretion, make an offer to grant Performance Rights to an Eligible Participant under the Performance Rights Plan and on such additional terms and conditions as the Board determines.
- (c) **Performance Rights:** Each Performance Right, once vested, entitles the holder, on exercise, to the issue of one fully paid ordinary share in the capital of the Company (**Share**).
- (d) **Not transferrable:** Performance Rights are only transferrable with the prior written consent of the Board of the Company or by force of law upon death to the participant's legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy.
- (e) **Vesting Conditions:** The Board will determine the vesting conditions (if any) that must be satisfied before a Performance Right vests, and the date by which a vesting condition must be satisfied (**Vesting Condition**).
- (f) **Vesting:** A Performance Right will vest where Vesting Conditions are satisfied or where, despite Vesting Conditions not being satisfied, the Board (in its absolute discretion) resolves that unvested Performance Rights have vested as a result of:
- (i) a Participant or, where the Participant is a Nominee of an Eligible Participant, that Eligible Participant, ceasing to be an Eligible Participant as a result of:
 - (A) death or Total or Permanent Disability; or
 - (B) retirement or redundancy; or
 - (ii) a Participant or, where the Participant is a Nominee of an Eligible Participant, that Eligible Participant, suffering severe financial hardship;
 - (iii) the terminal illness of the Participant (or Eligible Participant, as applicable) or of an immediate family member of the Participant (or Eligible Participant, as applicable);
 - (iv) a change of control occurring or the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company,
- (g) **Exercise of vested Performance Right:** Unless the Board decides otherwise, any vested Performance Right may be exercised within one month of becoming vested, following which the Company will issue the participant with the applicable number of Shares.
- (h) **Shares:** Shares resulting from the vesting of the Performance Rights shall, from the date of issue, rank on equal terms with all other Shares on issue.
- (i) **Share Sale Restrictions:** Unless an Offer otherwise provides, any Share issued to a Participant on the exercise of a Performance Right must not be disposed of, or dealt with in any way, by that participant until the earlier of:
- (i) the Participant (or, where the participant is a nominee of the Eligible Participant, that Eligible Participant) ceasing to be an Eligible Participant;

- (ii) the Board approving the disposal due to the Participant suffering severe financial hardship;
- (iii) there is a change in control of the Company, or the Company passes a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company; and
- (iv) the seven (7) year anniversary of the date of grant of the Performance Right (**Restriction Period**).
- (j) **Quotation of Shares:** If Shares of the same Tranche 1s those allotted under the Plan are quoted on the ASX, the Company will, subject to the ASX Listing Rules, apply to the ASX for those Shares to be quoted on ASX within 10 business days of the later of the date the Shares are issued and the date any restriction period applying to the Shares under Chapter 9 of the Listing Rules ends.
- (k) **Lapse of a Performance Right:** Subject to the terms of an Offer otherwise providing, a Performance Right will lapse upon the earlier to occur of:
- (i) an unauthorised dealing in, or hedging of, the Performance Right;
- (ii) a Vesting Condition in relation to the Performance Right is not satisfied by its due date, or becomes incapable of satisfaction, as determined by the Board in its absolute discretion, unless the Board exercises its discretion to vest the Performance Right under a good leaver exception (eg due to death, total and permanent disability, retirement or redundancy);
- (iii) a vested Performance Right is not exercised within six month of becoming vested;
- (iv) a participant (or, where the participant is a nominee of the Eligible Participant, that Eligible Participant) ceases to be an Eligible Participant, unless the Board exercises its discretion to vest the Performance Right under a good leaver exception;
- (v) the Board deems that a Performance Right lapses due to fraud, dishonesty or other improper behaviour of the holder/Eligible Participant;
- (vi) the Company undergoes a change in control or winding up, and the Board does not exercise its discretion to vest the Performance Right;
- (vii) the expiry date of the Performance Right; and
- (viii) the seven (7) year anniversary of the date of grant of the Performance Right.
- (l) **No Participation Rights:** There are no participating rights or entitlements inherent in the Performance Rights and participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights.
- (m) **No Change:** A Performance Right does not confer the right to a change in the number of underlying Shares over which the Performance Right can be exercised.
- (n) **Reorganisation:** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of a Performance Right are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
- (o) **Inconsistency with Offer:** Notwithstanding any other provision in the Performance Right Plan, to the extent that any covenant or provision contained in an Offer document is inconsistent with any covenant or provision under the Performance Right Plan, the deemed covenant or provision under the Offer document shall prevail.

SCHEDULE 2 – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS

PERFORMANCE RIGHTS

	Tranche 1	Tranche 2	Tranche 3	Total
Resolutions 4, 5 & 6				
Michael Hynes (Chief Executive Officer) (or nominee)	200,000	400,000	600,000	1,200,000
James Hyndes (Non-Executive Director) (or nominee)	200,000	400,000	600,000	1,200,000
Jack James (Non-Executive Chairman) (or nominee)	100,000	200,000	300,000	600,000

The Performance Rights to be issued to the Related Parties pursuant to Resolutions 4, 5 and 6 have been valued by internal management.

Using the inputs and assumptions set out below, the Performance Rights were ascribed the following value:

Inputs and assumptions	Tranche 1	Tranche 2	Tranche 3
Valuation date	11 October 2013	11 October 2013	11 October 2013
Market price of Shares	\$0.15	\$0.15	\$0.15
Vesting condition	If the VWAP is greater than \$0.25 for a consecutive 10 day ASX trading period.	If the VWAP is greater than \$0.35 for a consecutive 10 day ASX trading period.	If the VWAP is greater than \$0.45 for a consecutive 10 day ASX trading period.
Expiry date (length of time from issue)	26 November 2014	26 November 2015	26 November 2016
Volatility	80%	80%	80%
Average indicative value per Performance Right	\$0.108	\$0.107	\$0.110
Total Value of Performance Rights	\$54,000	\$107,000	\$165,000

**EUMERALLA RESOURCES LIMITED ABN 62 148 860 299
ANNUAL GENERAL MEETING – APPOINTMENT OF PROXY FORM**

I/We

of

being a member of Eumeralla Resources Limited entitled to attend and vote at the Annual General Meeting, hereby

Appoint

Name of proxy

OR

the Chair of the Annual General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the Annual General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the Annual General Meeting to be held at 9.30 am (WST), on 26 November 2013 at Palisade Business Consulting, 22 Lindsay Street, Perth, Western Australia, and at any adjournment thereof.

Important for Resolutions 1 and 3 to 6

If you have not directed your proxy how to vote as your proxy in respect of Resolutions 1 and 3 to 6 and the Chair is, or may by default be, appointed your proxy, you must mark the box below.

I/we direct the Chair to vote in accordance with his/her voting intentions (as set out below) on Resolutions 1 and 3 to 6 (except where I/we have indicated a different voting intention below) and expressly authorise that the Chair may exercise my/our proxy even though Resolutions 1 and 3 to 6 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel and acknowledge that the Chair may exercise my/our proxy even if the Chair has an interest in the outcome of Resolutions 3 and 6 and that votes cast by the Chair for Resolutions 3 and 6, other than as proxy holder, will be disregarded because of that interest.

If the Chair is, or may by default be, appointed your proxy and you do not mark this box and you have not directed the Chair how to vote, the Chair will not cast your votes on Resolutions 1 and 3 to 6 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 1 and 3 to 6.

OR

Voting on Business of the Annual General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-Election of a Director – Jack James	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Adoption of Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Issue of Performance Rights to Mr Michael Hynes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Issue of Performance Rights to Mr James Hyndes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Issue of Performance Rights to Mr Jack James	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____ %

Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date: _____

Contact name: _____

Contact ph (daytime): _____

E-mail address: _____

Consent for contact by e-mail: YES NO

EUMERALLA RESOURCES LIMITED ABN 62 148 860 299
INSTRUCTIONS FOR COMPLETING 'APPOINTMENT OF PROXY' FORM

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
- (a) **(Individual):** Where the holding is in one name, the member must sign.
 - (b) **(Joint Holding):** Where the holding is in more than one name, all of the members should sign.
 - (c) **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
 - (d) **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the Annual General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
- (a) deliver the proxy form by hand to the Company's registered office at 22 Lindsay Street, Perth, Western Australia, 6000;
 - (b) mail the proxy form to the Company's registered office at PO Box 8546 Perth, Western Australia, 6849; or
 - (c) send the proxy form by facsimile to the Company on facsimile number +61 8 9227 6390,
- so that it is received not later than 9:30 am (WST) on 22 November 2013.

Proxy forms received later than this time will be invalid.