

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of shareholders of Exalt Resources Limited (“**Exalt**” or the “**Company**”) for 2012 will be held on **Friday 30th November 2012 at 10.30 am** (Sydney time) at Gadens Lawyers, 77 Castlereagh Street, Sydney 2000. The Explanatory Memorandum accompanying this Notice provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Memorandum and Proxy Form form part of this Notice. The Glossary in the Explanatory Memorandum contains definitions of capitalised terms used in the Notice and Explanatory Memorandum.

The Directors have determined that, pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the persons eligible to vote at the Annual General Meeting are those who are registered shareholders of the Company as at **5 pm (Sydney time) on Wednesday 28th November 2012**.

BUSINESS

FINANCIAL STATEMENTS

To receive and consider the financial statements of the Company and its controlled entities for the year ended 30 June 2012 and the related Directors’ Report, Directors’ Declaration and Auditors’ Report.

RESOLUTION 1: ADOPTION OF DIRECTORS’ REMUNERATION REPORT

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

“That the Directors’ Remuneration Report for the year ended 30 June 2012 be adopted”.

Voting Exclusion Statement

The Company will disregard any votes cast on this resolution by or on behalf of a member of the key management personnel of the Company (including Directors) (“**KMP**”), or their closely related parties. However, the Company need not disregard a vote cast by a KMP or closely related party of the KMP if:

- (a) it is cast by a person as proxy for a person who is permitted to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by Chairman of the Annual General Meeting as proxy for a person who is permitted to vote, where the Proxy Form does not specify the way the Chairman is to vote and which expressly authorises the Chairman to vote even though the resolution is connected directly or indirectly with the remuneration of a KMP and even though the Chairman of the Annual General Meeting is a member of KMP.

Note: In accordance with section 250R(3) of the Corporations Act, the vote on Resolution 1 will be advisory only and will not bind the Directors or the Company.

The Chairman of the Annual General Meeting intends to vote all available proxies in favour of Resolution 1.

RESOLUTION 2: ELECTION OF DIRECTOR (Mr Barry Tudor)

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

“That Mr Barry Tudor, having been appointed in accordance with the Constitution as a director of the Company to fill a casual vacancy until the next annual general meeting, retires and, being eligible, offers himself for election, is hereby elected a director of the Company”.

The Chairman of the Annual General Meeting intends to vote all available proxies in favour of Resolution 2.

RESOLUTION 3: ELECTION OF DIRECTOR (Mr William Moss AM)

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

“That Mr William Moss having been appointed in accordance with the Constitution as a director of the Company to fill a casual vacancy until the next annual general meeting, retires and, being eligible, offers himself for election, is hereby elected a director of the Company”.

The Chairman of the Annual General Meeting intends to vote all available proxies in favour of Resolution 3.

RESOLUTION 4: RE-ELECTION OF DIRECTOR (Mr Shane Hartwig)

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

“That Mr Hartwig, who retires in accordance with clause 12.11 of the Constitution and, being eligible, offers himself for re-election as a Director of the Company, is hereby re-elected as a Director of the Company.”

The Chairman of the Annual General Meeting intends to vote all available proxies in favour of Resolution 4.

RESOLUTION 5: ISSUE OF OPTIONS TO A DIRECTOR (Mr William Moss AM)

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

That for the purposes of section 208 of the Corporations Act 2001 (Cth), Listing Rule 10.11, and for all other purposes, the Company approves and authorises the Directors of the Company to issue to Mr William Moss (or his nominee) 2,000,000 Options on the terms set out in the Explanatory Memorandum accompanying the Notice of Meeting.

Voting Exclusion Statement

The Company will disregard any votes cast in relation to this resolution by Mr Moss and his associates. However, the Company will not disregard a vote if:

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

In addition, the Company will disregard any votes cast on Resolution 5 by or on behalf of a member of the KMP, or their closely related parties. However, the Company need not disregard a vote cast by a KMP or closely related party of the KMP if:

- (a) it is cast by a person as proxy for a person who is permitted to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by Chairman of the Annual General Meeting as proxy for a person who is permitted to vote, where the Proxy Form does not specify the way the Chairman is to vote and which expressly authorises the Chairman to vote even though the resolution is connected directly or indirectly with the remuneration of a KMP, the Chairman of the Annual General Meeting is a member of KMP and has an interest in the outcome of Resolution 5.

The Chairman of the Annual General Meeting intends to vote all available proxies in favour of Resolution 5.

RESOLUTION 6 – PARTICIPATION IN CAPITAL RAISING BY A DIRECTOR (Mr William Moss AM)

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

“That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for to proposed allotment and issue of up to 2,500,000 Shares in the Company to Mr William Moss (or his nominees) on the same terms as the Shares issued in the Capital Raising and otherwise on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion Statement

The Company will disregard any votes cast in relation to this resolution by Mr Moss and his associates. However, the Company will not disregard a vote if:

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

The Chairman of the Annual General Meeting intends to vote all available proxies in favour of Resolution 6.

RESOLUTION 7: APPROVAL OF 10% PLACEMENT FACILITY

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

“That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast on this resolution by a person who may participate in the 10% Placement Facility, a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if Resolution 7 is passed, and any associates of the aforementioned persons. However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman 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 Chairman of the Annual General Meeting intends to vote all available proxies in favour of Resolution 7.

RESOLUTION 8: NON-EXECUTIVE DIRECTORS' REMUNERATION

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

"That, for the purposes of clause 13 of the Constitution and Listing Rule 10.17 and for all other purposes, the maximum aggregate amount available for payment by way of remuneration to Non-executive Directors of the Company in any financial year be increased by \$300,000 to \$600,000."

Voting Exclusion Statement

The Company will disregard any votes cast on this resolution by a Director of the Company or any associate of a Director. However, the Company will not disregard a vote if:

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

In addition, the Company will disregard any votes cast on Resolution 8 by or on behalf of a member of the KMP, or their closely related parties. However, the Company need not disregard a vote cast by a KMP or closely related party of the KMP if:

- (a) it is cast by a person as proxy for a person who is permitted to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by Chairman of the Annual General Meeting as proxy for a person who is permitted to vote, where the Proxy Form does not specify the way the Chairman is to vote and which expressly authorises the Chairman to vote even though the resolution is connected directly or indirectly with the remuneration of a KMP, the Chairman of the Annual General Meeting is a member of KMP and has an interest in the outcome of Resolution 5.

The Chairman of the Annual General Meeting intends to vote all available proxies in favour of Resolution 8.

OTHER BUSINESS

To transact any other business that may be brought forward in accordance with the Company's Constitution.

DATED: 26th October 2012

By order of the Board.

Shane Hartwig
Company Secretary

NOTES:

Explanatory Memorandum

The Notice should be read in conjunction with the accompanying Explanatory Memorandum.

Eligibility to vote

In accordance with the Corporations Act and the Constitution, a person's entitlement to vote at the Annual General Meeting will be determined by reference to the number of Shares registered in the name of that person (reflected in the register of members) as at 5pm (Sydney time) on **Wednesday November 28th, 2012**.

Proxy votes

A shareholder entitled to attend and vote is entitled to appoint not more than two proxies to attend and vote in their place.

Where more than one proxy is appointed, the appointment may specify the proportion or number of votes that the proxy may exercise, otherwise each may exercise half of the votes.

A proxy need not be a shareholder.

A form of proxy must be signed by the shareholder or the shareholder's attorney.

Proxies must reach the Company at least forty eight (48) hours before the Annual General Meeting.

The address for lodgement of proxies is:

Delivery Address:	Postal Address:	Fax Number:
Exalt Resources Ltd c/- Computershare Investor Services Pty Limited Yarra Falls 452 Johnston Street Abbotsford Vic 3067	Exalt Resources Ltd c/- Computershare Investor Services Pty Limited GPO Box 242 Melbourne VIC 3001	+ 61 3 9473 2555

Key Management Personnel as proxy

If a shareholder appoints a member of the key management personnel (**KMP**) (which includes each of the Directors) or a closely related party of any KMP as proxy, such KMP or closely related party is not able to vote a proxy on Resolution 1 unless the shareholder directs them how to vote by marking the box on the Proxy Form (Part B) for Resolution 1.

If a shareholder appoints the Chairman of the Annual General Meeting as proxy, the shareholder can direct the Chairman how to vote by either marking the boxes on the Proxy Form for Resolutions 1, 3, 5, 6 and 8 (Part B), or by marking the Chairman voting direction box on the Proxy Form (Part A) in which case this will be considered to be an express direction to the Chairman of the Annual General Meeting to vote in favour of Resolutions 1, 3, 5, 6 and 8 even though Resolutions 1, 3, 5, 6 and 8 are connected directly or indirectly with the remuneration of a member of a KMP and/or even if the Chairman of the Annual General Meeting has an interest in the outcome of Resolutions 1, 3, 5, 6 and 8. If the voting direction boxes are not completed in either Part A or Part B, then the Chairman will not cast any votes on your behalf on Resolutions 1, 3, 5, 6 and 8.

Undirected Proxies

Subject to the above, the Chairman of the Annual General Meeting intends to vote undirected proxies in favour of all of the resolutions. However, the Company encourages all shareholders who submit proxies to direct their proxy how to vote on each resolution by marking the boxes on the Proxy Form (Part B) for each item of business.

Directed Proxies

Under recent amendments to the Corporations Act, there are new rules relating to how a proxy must vote directed proxies. In summary:

- a proxy need not vote on a show of hands but, if the proxy does vote, the proxy must vote as directed;
- if a proxy is appointed by two or more shareholders who specify different ways to vote on a resolution, the proxy must not vote on a show of hands;
- if the proxy is the Chairman of the Annual General Meeting, the proxy must vote as directed on a poll;
- if the proxy is not the Chairman of the Annual General Meeting, the proxy need not vote on a poll but, if the proxy does vote, the proxy must vote as directed; and
- if the proxy is not the Chairman of the Annual General Meeting and does not attend the Annual General Meeting or does not vote on a resolution, but the proxy form specifies how to vote and a poll is demanded, then the Chairman of the Annual General Meeting is taken to have been appointed as the proxy and must vote as directed.

Power of Attorney

If a proxy is signed by a shareholder's attorney, the shareholder's attorney confirms that he or she has received no revocation of authority under which the proxy is executed and the authorities under which the appointment was signed or a certified copy thereof must also be received at least forty eight hours before the Annual General Meeting.

Bodies Corporate

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at the Annual General Meeting. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at the Annual General Meeting or in voting on a resolution.

Questions for the Auditor

Under section 250PA of the Corporations Act, shareholders may submit written questions for the auditor up to five business days before the date of the Annual General Meeting. Shareholders wishing to do so may send their questions to the Company c/- Level 5, 56 Pitt Street Sydney NSW 2000, and the Company will pass them on to the auditor.

2012 Annual Report

Copies of the Company's 2012 Annual Report for the financial year ending 30 June 2012 ("**Annual Report**") comprising the Annual Financial Reports, Directors' Report and Auditor's Report of the Company and the Company's controlled entities will be distributed to those shareholders requesting a physical copy of these documents. The Company's Annual Report is able to be viewed at the Company's website at www.exaltresources.com.au.

Enquiries

Shareholders are invited to contact the Company Secretary, Shane Hartwig on (02) 8651 7804 if they have any queries in respect of the matters set out in these documents.

EXPLANATORY MEMORANDUM

EXALT RESOURCES LIMITED

INTRODUCTION

This Explanatory Memorandum has been prepared to assist shareholders in considering the Resolutions set out in the Notice. This Explanatory Memorandum forms part of, and should be read in conjunction with, the Notice.

Terms used in this Explanatory Memorandum are defined in the Glossary of this Explanatory Memorandum.

BUSINESS

FINANCIAL STATEMENTS

The Corporations Act requires that the Financial Report (including the Directors' Report, Financial Statements and the Audit Report) be laid before the Annual General Meeting. Although not requiring a vote of shareholders, an opportunity will be provided for shareholders to ask questions on the reports, including of the Company's auditor, who will be available to answer shareholders' questions relating to the Audit Report.

RESOLUTION 1: ADOPTION OF DIRECTORS' REMUNERATION REPORT

The Board is committed to creating value for shareholders by applying the Company's funds productively and responsibly. A portion of the funds available to the Company is applied to remunerate your Directors.

Your Board is aware of the sensitivities of shareholders to remuneration practices generally, and submits its remuneration report to shareholders for consideration and adoption under a non-binding resolution.

The Remuneration Report appears within the Directors' Report in the Company's Annual Report and describes the remuneration practices of the Company and the rationale underpinning those practices.

Under recent amendments to the Corporations Act:

- (a) the Company is required to disregard any votes cast on this item of business by any member of "Key Management Personnel" (**KMP**) of the Company and their closely related parties, except as directed by any proxies; and
- (b) a 'two-strike' process in relation to the advisory and non-binding vote on the remuneration report has been introduced. Under the two-strike process if, at two consecutive annual general meetings, at least 25% of votes cast on a resolution that the remuneration report be adopted are against adoption of the Remuneration Report, at the second of these annual general meetings, there must be put to the vote a resolution that another general meeting be held within 90 days at which all Directors (except the Managing Director) who were Directors at the time the Directors' Report considered at the second annual general meeting was passed must stand for re-election.

KMP are people having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, and include Directors.

"Closely related parties" includes certain family members and dependents of KMP and companies they control.

RESOLUTION 2: ELECTION OF DIRECTOR (Mr Barry Tudor)

Mr Tudor has extensive experience in a variety of senior leadership roles in Australian and International coal mining. He has led significant acquisitions, capital raisings and mining expansions, and has demonstrated his ability to formulate strategic vision and advance expansion plans with proven value creation.

Mr Tudor holds a Bachelor of Economics degree from Macquarie University and a Master of Business Administration degree from MGSM. He is a Chartered Accountant and a Member of the Institute of Company Directors in Australia.

Prior to his appointment as the Company's Managing Director and CEO, Mr Tudor was the Managing Director of Noble Resources Australia, responsible for Noble's operations and investments in Australia and the group's strategic expansion into coal asset ownership. He was also Senior Vice President – Strategy for the Energy Coal & Carbon Complex division of the Noble Group.

Prior to this, Mr Tudor was CEO and Managing Director of Gloucester Coal Ltd, an ASX-listed coal producer with operations in NSW and Queensland.

Directors' Recommendation

The Board (other than Mr Tudor) recommends the election of Mr Barry Tudor.

RESOLUTION 3: ELECTION OF DIRECTOR (Mr William Moss AM)

Bill Moss AM has been a senior executive within the finance industry in Australia and globally over the past 30 years. He has extensive experience in funds management, banking and property, listed entities and developing markets.

Bill retired as Group Head and Managing Director of the Banking and Property Group within Macquarie Group in 2007, having created this global business 23 years earlier.

Bill was a member of Macquarie's Executive Committee for the last 10 years. On Bill's departure he left a business employing over 1600 staff, with offices in 9 countries, and in excess of \$23 billion dollars of real estate under management.

In recent years Bill has founded and is Chairman of the FSHD Global Research Foundation. Bill has also established, and is Chairman of Moss Capital. Bill recently ended his role as Co-Chair of Territory 2030, a Northern Territory Government 20 year Strategy Group.

Bill Moss AM regularly features in the Australian media, providing comment on the finance and banking sectors, the global economy, and the ongoing need for Australia to do more to advance the interests of the country's disabled and disadvantaged.

In 2006, Bill was awarded one of Australia's highest honours, the Order of Australia (AM), for services to the banking, charity, and finance sectors.

Directors' Recommendation

The Board (other than Mr Moss) recommends the election of Mr William Moss.

RESOLUTION 4: RE-ELECTION OF DIRECTOR (Mr Shane Hartwig)

Under the Constitution, (clause 12.3), one third of Directors (not including the Managing Director or persons appointed to fill a casual vacancy) must retire from office annually and, if eligible, may offer themselves for re-election.

Shane Hartwig is a Certified Practicing Accountant and Chartered Company Secretary and holds a Bachelor of Business degree, majoring in Accounting and Taxation from Curtin University of Technology in Western Australia.

Mr Hartwig is involved in the areas of initial public offerings, capital raisings, prospectus and information memorandum preparation and project management, company assessments and due diligence reviews, mergers and acquisitions and providing general corporate advice. Mr Hartwig has

over fifteen years' experience in the finance industry both nationally and internationally with exposure to both the debt and equity capital markets.

Directors' Recommendation

The Board (other than Mr Hartwig) recommends the re-election of Mr Hartwig.

RESOLUTION 5: ISSUE OF OPTIONS TO A DIRECTOR (Mr William Moss AM)

The Company is seeking the approval of its shareholder to grant a total of 2,000,000 Options to Mr William Moss (or his nominee) as part of his remuneration package. In addition to these Options, Mr Moss will receive a director's fee of \$150,000 per annum. The Options will have an exercise price of \$0.20 and an exercise period of four years. One third of the Options will vest on the first anniversary of the date of Mr Moss's appointment as a director, one third of the Options will vest on the second anniversary of the date of Mr Moss's appointment as a director and the remaining will vest on the third anniversary of the date of Mr Moss's appointment as a director.

Exalt currently does not provide long term equity incentive for the Non-Executive Directors. However, industry trends show that companies of similar size to the Company provide equity incentives to non-executive independent directors as a means of reducing cash out-flow and giving directors a performance related incentive. The Board considers that the current financial position of the Company justifies the issue of Options to Mr Moss as part of his remuneration.

The grant of the Options is designed to encourage a greater involvement by Mr Moss in the achievement of the Company's objectives and to provide him with an opportunity to participate in the future growth of the Company through share ownership.

The Company recognises that the grant of the Options to Mr Moss, as a non-executive Director, would not comply with the ASX's Principles of Good Corporate Governance and Best Practice Recommendations. However, given the Company's current circumstances, the Directors consider that the incentive represented by the grant of these Options is a cost effective means of rewarding and incentivising Mr Moss, when compared to alternative forms of incentive such as the payment of additional cash compensation.

Requirement for shareholder approval

Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of shares to a related party. Mr Moss is considered to be a related party of the Company as he is a Director.

Further, Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit (which includes the grant of Options) to a related party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions; or
- (b) prior shareholder approval is obtained to give the financial benefit.

As noted above, Mr Moss is a related party of the Company by virtue of being a Director. Consequently, the issue of the Options constitutes the giving of a financial benefit to a related party for the purposes of section 208 of the Corporations Act.

Under section 211 of the Corporations Act, shareholder approval is not required to give a financial benefit if:

- (a) the benefit is remuneration given to a related party as an officer or employee of the Company; and
- (b) to give the remuneration would be reasonable given:
 - (i) the circumstances of the Company; and
 - (ii) the related party's circumstances (including the responsibilities involved in the office or employment).

While the Board considers that the combination of Options and annual directors' fee constitutes reasonable remuneration given the circumstances of the Company and the duties and responsibilities of Mr Moss, in accordance with section 211 of the Corporations Act and in the interests of good corporate governance, the Company is seeking shareholder approval in respect of the issue of the Options to Mr Moss under section 208 of the Corporations Act.

Prescribed Information under Listing Rule 10.13

The following information is provided to shareholders for the purpose of Listing Rule 10.13:

- (a) the Options are being granted to Mr Moss, a Director or Mr Moss's nominee;
- (b) the maximum number of securities being granted is 2,000,000 Options;
- (c) the Options are being granted as consideration for services to be provided and accordingly the Options will be issued for no cash consideration;
- (d) the proposed terms of the Options are set out at Annexure A to this Notice.
- (e) no funds will be raised by the grant of the Options; and
- (f) the Options will be issued no later than 1 month after the date of the Annual General Meeting.

Prescribed Information under Chapter 2E of the Corporations Act

- (a) *The replated party to whom the financial benefit is to be given*

The financial benefit is being given to Mr Moss, a Director, or his nominee.

- (b) *The nature of the financial benefit*

The proposed financial benefit to be given is the grant of 2,000,000 Options for no cash consideration.

- (c) *Valuation of Options*

The Directors have determined the value of the Options using the Black Scholes models for pricing of financial options. These valuation models use inputs including time to expiration, strike price, value of the underlying financial instrument, expected share volatility, and the risk free interest rate.

The assumptions underlying the Black Scholes model and used in calculating the value of the Options were as follows:

Share price (Ps) = \$0.20
Exercise price (E) = \$0.20
Maximum Option Life (t) = 4 years
Risk-free rate (r) = 3.75%
Expected share volatility (q) ⁽¹⁾ = 60%

(1) The historical volatility of the listed ERD shares, based on the standard deviation of the continuously compounded rate of return on the shares for the prior six months.

Using this method of valuation the Company has determined a value of \$0.0985 for each of the Options to be granted to Mr William Moss (or his nominee). Accordingly, on the basis of this calculation, the total financial benefit to be given to Mr William Moss is \$197,000.

- (d) *Other information that is reasonably required by members to make a decision and that is known to the Company or any of its Directors*

Current Shares and Options on Issue

As at the date of the Notice of Meeting the Company has the following Shares and Options on issue:

Issued Capital:

Ordinary Shares:	28,875,003
Options (Exp 12/15, Ex \$0.20):	16,008,568

As previously advised to Shareholders, the Company has entered into a Share Purchase Agreement to acquire 100% of the issued capital of Odni, a Singapore incorporated coal investment company and has lodged a Prospectus for the purposes of the Capital Raising. Set out below is the pro-forma capital structure of the Company assuming the acquisition of Odni is completed and either the minimum or maximum amounts of monies are raised under the Capital Raising.

SHARES	Minimum Subscription (\$5 million)	%	Maximum Subscription (\$10 million)	%
Shares on issue at date of this Notice	28,875,003	36.6	28,875,003	27.8
Shares to be issued to Odni Sellers	25,000,000	31.7	25,000,000	24.1
Shares offered under the Prospectus	25,000,000	31.7	50,000,000	48.1
Total Shares following completion of the Capital Raising, acquisition of Odni and issue of Options to Mr Moss	78,875,003	100.0	103,875,003	100.0

Options		Performance Shares	
Options on issue at date of Notice	16,008,568	Performance Shares on issue at date of Notice	Nil
Options to be issued to the Odni Sellers	30,000,000 ¹	Performance Shares to be issued to the Odni Sellers ³	66,000,000
Options to be issued to Barry Tudor	3,000,000 ²	Performance Shares to be issued to Barry Tudor ⁴	18,000,000
Options to be issued to Mr William Moss (subject to Resolution 5 being approved by shareholders)	2,000,000		

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Total Options following completion of the Capital Raising, acquisition of Odni and issue of Options to Mr Moss	51,008,568	Total Performance Shares following completion of the Capital Raising, acquisition of Odni and issue of Options to Mr Moss	84,000,000
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Notes:

- (1) 10,000,000 Class W Options exercisable at \$0.20 on or before two years of the issue date and 20,000,000 Class X Options exercisable at \$0.50 on or before three years of the issue date. Refer to section 10.3 of the Prospectus for further information on the Class W and Class X Options.
- (2) 2,400,000 Class Z Options exercisable at \$0.50 on or before four years of the issue date and 600,000 Class Y Options exercisable at \$0.20 on or before four years of the issue date. Refer to section 10.3 of the Prospectus for further information on these Options.
- (3) 22,000,000 Class A Performance Shares, 22,000,000 Class B Performance Shares and 22,000,000 Class C Performance Shares. Refer to section 10.3 of the Prospectus for further details on the Performance Shares.
- (4) 6,000,000 Class A Performance Shares, 6,000,000 Class B Performance Shares and 6,000,000 Class C Performance Shares. Refer to section 10.3 of the Prospectus for further details on the Performance Shares.

Effect of Issue of Options under Resolution 5

If any of the 2,000,000 Options granted to Mr Moss (or his nominee) are exercised the effect would be to dilute the shareholding of existing shareholders. The market price of the Company's shares during the period of the Options will normally determine whether or not an Optionholder will exercise the Options. At the time any Options are exercised and Shares are issued pursuant to their exercise, the Shares may be trading at a price which is higher than the exercise price of the Options.

Share Price

The highest price of fully paid ordinary shares in the Company trading on ASX during the past 12 months prior to the date of this Notice was \$0.20 which occurred on 24th August 2012 and the lowest price of shares in the Company trading on ASX during the past 12 months prior to the date of this Notice was \$0.11 which last occurred on 20th July 2012. The most recent closing price of shares in the Company trading on the ASX prior to the date of the Notice of Meeting was \$0.20 which occurred on 24th August 2012 (the day the trading of the Shares was suspended by the ASX).

Other Remuneration of Mr William Moss

The other remuneration currently agreed to be paid to Mr William Moss is set out below:

Director	Salary	Director Fees
Mr William Moss	Nil	\$150,000 pa

Role of Board with respect to Remuneration Matters

The number of Options to be issued to Mr William Moss (or his nominee) was chosen by the Board who considers the remuneration matters for the Company in order to provide them with an appropriate mix of cash remuneration and remuneration by way of Options. The Options component of the remuneration provides a link to the medium term and long term strategies of growing the Company for the benefit of all Shareholders.

is the Board does not consider that, from an economic and commercial point of view, there are any costs or detriments, including opportunity costs or taxation consequences, for the Company or benefits forgone by the Company resulting from the issue of the Options to Mr Moss pursuant to Resolution 5.

Effect on Earnings

There will be an effect on the Company's earnings for the period to 30th June 2013 in that the Company will likely recognise a share based payment expense in the Company's Profit and Loss Statement of \$38,313. This will have a corresponding increase in the Retained Losses in the Company's Balance Sheet as at 30th June 2013. The remaining \$158,724 will be amortised over the period 1st July 2013 to 30th November 2016.

Shares and Options held by Mr William Moss

The shares and Options currently held directly and indirectly by Mr William Moss as at the date of the Notice of Meeting are set out below and adjusted for the proposed issue of Options the subject of Resolution 5, the proposed issue of Shares the subject of Resolution 6 and the respective fully diluted holding in the Company, pursuant to a minimum amount of \$5 million and a maximum of \$10 million being raised as part of the Capital Raising:

Director	Shares	Number of options held prior to issue of Options	Percentage of share capital on a fully diluted basis prior to issue of Options	Number of shares and options held after issue of Shares the subject of Resolution 6 and Options the subject of Resolution 5	Percentage of Share Capital on a fully diluted basis after issue of Options the subject of Resolution 5 and assuming issue of Shares the subject of Resolution 6, based on a Minimum Capital Raising of \$5 million	Percentage of Share Capital on a fully diluted basis after issue of Options the subject of Resolution 5 and assuming issue of Shares the subject of Resolution 6, based on a Minimum Capital Raising of \$10 million
Mr William Moss	Nil	Nil	Nil	4,500,000	3.4%	2.9%

Directors Recommendation

In relation to Resolution 5, each Director, (other than Mr William Moss) confirms they have no interest in the outcome of the relevant Resolution.

Further, each Director (other than Mr William Moss) recommends that the shareholders approve the issue of 2,000,000 Options to Mr Moss (or his nominee) under Resolution 5 as they consider the grant of the Options is a cost effective means of rewarding Mr Moss and providing an incentive to advance the Company's interests.

Mr William Moss, to whom the Options are to be issued under Resolution 5, does not make a recommendation given he has interest in the outcome of Resolution 5, namely the proposed issue to him of 2,000,000 Options.

The Director confirm that, to their knowledge, this Notice of General Meeting and Explanatory Memorandum contains all information, that is known to the Company and the Directors, that is reasonably required by the Shareholders in order to decide whether or not it is in the Company's interest to pass Resolution 5.

RESOLUTION 6 – PARTICIPATION IN CAPITAL RAISING BY A DIRECTOR (Mr William Moss AM)

Mr Moss does not currently hold any Shares or Options in the Company. The Company is seeking the approval of its shareholders for the purposes of Listing Rule 10.11 to permit Mr Moss (or his nominees) to subscribe for and be issued up to 2,500,000 Shares on the same terms as non-related parties under the Capital Raising.

Listing Rule 10.11

Listing Rule 10.11 requires a listed company to obtain Shareholder approval by ordinary resolution prior to the issue of shares to a related party. Mr Moss is considered to be a related party of the Company as he is a Director.

Prescribed Information under Listing Rule 10.13

For the purposes of Listing Rule 10.13, the following information is provided to Shareholders in relation to Resolution 6.

- a) the Shares will be issued to Mr Moss or to his nominees;
- b) a maximum of 2,500,000 Shares will be issued to Mr Moss or his nominees, pursuant to Resolutions 6:
- c) the Shares will be issued no later than 1 month after the date of the Annual General Meeting;
- d) the issue price will be \$0.20 per Share;
- e) the Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Shares currently on issue; and
- f) funds raised pursuant to the issue of the Shares will be used for the Company's working capital purposes and as set out in the Supplementary Prospectus. For the avoidance of doubt, the funds raised through the issue of Shares to Mr Moss will not count towards the minimum amount raised under the Capital Raising.

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 shareholders; 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.

Section 210 of the Corporations Act states that shareholder approval is not needed to give a financial benefit on terms that:

- a) would be reasonable in the circumstances if the public company or entity were dealing at arm's length; or
- b) are less favourable to the related party than the terms referred to in paragraph (a) above.

The Board considers that the issue of Shares to Mr William Moss (or his nominee) on the same terms as the Capital Raising, as contemplated by Resolution 6, is on arm's length terms in accordance with section 210 of the Corporations Act given the issue of the Shares to Mr William Moss (or his nominee) will be made to non-related parties under the Capital Raising on exactly the same terms. Accordingly, shareholder approval is not sought for the issue of Shares to Mr William Moss (or his nominee) under Chapter 2E of the Corporations Act.

Directors' Recommendation

The Board (other than Mr Moss) recommends that shareholder vote in favour of Resolution 6.

RESOLUTION 7: APPROVAL OF 10% PLACEMENT FACILITY

7.1 General

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement 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.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The effect of Resolution 7 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the period up to 12 months after the Annual General Meeting without subsequent shareholder approval and in addition to the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 7 is a special resolution and therefore requires approval of 75% of the votes cast by shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative).

The Directors recommend that shareholders vote in favour of this Resolution.

7.2 Description of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company. The Company, as at the date of the Notice, has on issue two classes of Equity Securities, being its Shares, and Listed Options.

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of shares on issue 12 months before the date of issue or agreement:

(A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;

(B) plus the number of partly paid shares that became fully paid in the 12 months;

(C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;

(D) less the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 28,875,003 Shares and therefore has a capacity to issue:

- (i) 4,331,250 Equity Securities under Listing Rule 7.1; and

- (ii) subject to shareholder approval being sought under Resolution 4, 2,887,500 Equity Securities under Listing Rule 7.1A.

Assuming the acquisition of Odni is completed and either the minimum or maximum amounts of monies are raised under the Capital Raising, the Company will have the capacity to issue Securities as indicated below:

	\$5,million Capital Raise (Minimum)	\$10,million Capital Raise (Maximum)
Total Shares following completion of the acquisition of Odni and Capital Raising and assuming William Moss subscribes for Shares pursuant to Resolution 6.	81,375,003	106,375,003
Equity Securities under Listing Rule 7.1	12,206,250	15,596,250
Subject to shareholder approval being sought under Resolution 7, Equity Securities under Listing Rule 7.1A.	8,137,500	10,637,500

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 7.2(c) above).

(e) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 ASX Trading Days on which trades were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX (**10% Placement Period**).

7.3 Information required by ASX Listing Rule 7.3A

ASX Listing Rule 7.3A sets out a number of matters which must be included in a notice of meeting seeking an approval under ASX Listing Rule 7.1A. The following information is provided for the purposes of Listing Rule 7.3A:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the volume weighted average price for the Company's Equity Securities over the 15 ASX trading days on which trades were recorded immediately before:

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- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in paragraph 7.3(a)(i), the date on which the Equity Securities are issued.

(b) If Resolution 4 is passed by shareholders and the Company issues Equity Securities under the 10% Placement Facility, existing shareholders' voting power in the Company will be diluted as shown in the table below. There is a risk that:

- (i) the market price for the Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Equity Securities on the issue date,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the dilution of existing shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A (2) as at the date of this Notice.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Table 7.3(b)(i)

DILUTION				
Variable "A" in Listing Rule 7.1A.2	Issue Price (per Share)	50% decrease in Current Issue Price \$0.10	Current Issue Price \$0.20	100% increase in Current Issue Price \$0.40
Current Variable "A" 28,875,003 Shares	10 % voting dilution	2,887,500 shares	2,887,500 shares	2,887,500 shares
	Funds raised	\$288,750	\$577,500	\$1,155,000
50% increase in current Variable "A" 43,312,504 Shares	10 % voting dilution	4,331,250 Shares	4,331,250 Shares	4,331,250 Shares
	Funds raised	\$433,125	\$866,250	\$1,732,500
100% increase in current Variable "A" 57,750,006 Shares	10 % voting dilution	5,775,000 Shares	5,775,000 Shares	5,775,000 Shares
	Funds raised	\$577,500	\$1,155,000	\$2,310,000

The table has been prepared on the following assumptions:

- (i) The current issue price is \$0.20, being the closing price of the Company's Shares on ASX

on 24 August 2012 (being the date the Company's Shares were suspended from trading).

(ii) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.

(iii) No Options are exercised into Shares before the date of the issue of the Equity Securities;

(iv) The 10% dilution reflects the aggregate percentage voting dilution against the issued share capital at the time of issue. This is why the dilution is shown in each example as 10%.

(v) The table does not show an example of dilution that may be caused to a particular shareholder by reason of placements under the 10% Placement Facility, based on that shareholder's holding at the date of the Annual General Meeting.

(vi) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

(vii) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes listed Options, it is assumed that those listed Option are exercised into Shares for the purpose of calculating the voting dilution effect on existing shareholders.

The tables below have also been prepared assuming the acquisition of Odni is completed and either the minimum or maximum amounts of monies are raised under the Capital Raising.

Table 7.3(b) (ii)

MINIMUM CAPITAL RAISE OF \$5 MILLION				
Variable "A" in Listing Rule 7.1A.2	Issue Price (per Share)	50% decrease in Current Issue Price \$0.10	Current Issue Price \$0.20	100% increase in Current Issue Price \$0.40
Current Variable "A" 81,375,003 Shares	10 % voting dilution	8,137,500 shares	8,137,500 shares	8,137,500 shares
	Funds raised	\$813,750	\$1,627,500	\$3,255,000
50% increase in current Variable "A" 122,062,505 Shares	10 % voting dilution	12,206,250 shares	12,206,250 shares	12,206,250 shares
	Funds raised	\$1,220,625	\$2,441,250	\$4,882,500
100% increase in current Variable "A" 162,750,006 Shares	10 % voting dilution	16,275,000 Shares	16,275,000 Shares	16,275,000 Shares
	Funds raised	\$1,627,500	\$3,255,000	\$6,510,000

Table 7.3(b)(iii)

MAXIMUM CAPITAL RAISE OF \$10 MILLION				
Variable "A" in Listing Rule 7.1A.2	Issue Price (per Share)	50% decrease in Current Issue Price \$0.10	Current Issue Price \$0.20	100% increase in Current Issue Price \$0.40
Current Variable "A" 106,375,003 Shares	10 % voting dilution	10,637,500 shares	10,637,500 shares	10,637,500 shares
	Funds raised	\$1,063,750	\$2,127,500	\$4,255,000
50% increase in current Variable "A" 159,562,505 Shares	10 % voting dilution	15,956,250 Shares	15,956,250 Shares	15,956,250 Shares
	Funds raised	\$1,595,625	\$3,191,250	\$6,382,500
100% increase in current Variable "A" 212,750,006 Shares	10 % voting dilution	21,275,000 Shares	21,275,000 Shares	21,275,000 Shares
	Funds raised	\$2,127,500	\$4,255,000	\$8,510,000

The assumptions under Table 7.3(b)(i) still apply.

(c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 4 for the issue of the Equity Securities will cease to be valid in the event that shareholders approve 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).

(d) The Company may seek to issue the Equity Securities for the following purposes:

- (i) as non-cash consideration for the acquisition of new resources, assets and investments (including expenses associated with such acquisitions). In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
- (ii) for cash consideration in which case the Company intends to use the funds raised for exploration activities at its existing projects and/or for acquisition of new assets or investments (including expense associated with such acquisitions) and general working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

(e) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of the Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the purpose of the issue;
- (ii) alternative methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial situation and solvency of the Company; and
- (v) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial shareholders and/or new shareholders who are not related parties or associates of a related party of the Company. Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new resources, assets or investments.

(f) The Company has not previously obtained shareholder approval under Listing Rule 7.1A.

(g) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

Directors' Recommendation

The Board (other than Mr Moss) recommends that shareholder vote in favour of Resolution 7.

RESOLUTION 8: NON-EXECUTIVE DIRECTORS' REMUNERATION

Clause 13.1 of the Constitution provides that subject to the Listing Rules, the Directors as a whole may be paid or provided fees (such fees excluding minimum superannuation contributions) for their services as a Director of the Company, the total amount or value of which must not exceed an aggregate maximum amount determined from time to time by the Company at general meeting.

Listing Rule 10.17 requires any increase to the limit on the total amount of directors' fees that may be paid to Non-executive Directors to be approved by ordinary resolution of the Company's shareholders at general meeting. For the purposes of Listing Rule 10.17, the total aggregate remuneration payable is now deemed to include superannuation contributions and any fees which a Non-executive Director agrees to sacrifice on a pre-tax basis.

In accordance with the Constitution, the aggregate maximum amount may be distributed among the Non-executive Directors in a quantity and manner determined by the Board.

The current maximum aggregate amount of Non-executive Director fees is \$300,000 per annum (not including minimum superannuation contributions).

The Board wishes to increase this aggregate maximum amount of fees that may be paid to Non-executive Directors from \$300,000 to \$600,000 (including minimum superannuation contributions).

The following fees were paid for individual Non-executive Director positions prior to the appointment of Mr Moss, and were set by the Board in 2011 based on the Board's remuneration review at the time specifically in relation to other organisations relative to the size and complexity of the Company.

	Fixed fees*
Mr Emmanuel Correia	\$35,000
Mr Shane Hartwig	\$35,000
Mr Jim Malone	\$35,000

* excluding minimum statutory superannuation contributions

These fees have remained fixed at the same level since 2011.

In proposing the increase in the maximum aggregate amount for Non-executive Directors remuneration, the Board has taken consideration of the following:

- The current aggregate maximum amount of \$300,000 does not provide the flexibility to allow the Board to appoint, at an appropriate time in the future, a further independent Non-executive Director/s with complementary skill and experience, particularly in relation to establishing a significant coal business in Indonesia. The Board seeks to appoint directors to the Board with an appropriate mix of skills, personal qualities, expertise and diversity, which will complement the Company's business. To achieve this, the Board sees an opportunity to appoint directors who have relevant skills and experience in Indonesia and/or mining expertise to support the Company's business strategy.

- Following the appointment of Mr Moss, the annualised fixed fees payable to Non-executive Directors for the 2012/2013 financial year will total \$285,000 (excluding minimum superannuation contributions) as follows:

	Fixed fees*
Mr William Moss (Chairman)	\$150,000
Mr Emmanuel Correia	\$45,000
Mr Shane Hartwig	\$45,000
Mr Jim Malone	\$45,000

* excluding minimum statutory superannuation contributions

Including minimum statutory superannuation contributions this amount will exceed the current maximum aggregate amount of \$300,000. The amount in the table above does not include the fees payable to Mr Lee and Mr Soekarno, the individuals described in the Prospectus, who will be appointed Directors following the completion of the acquisition of Odni and the Capital Raising.

The maximum aggregate amount approved by shareholders acts as a cap on the total remuneration payable to all Non-executive Directors of the Company in any financial year. Actual remuneration paid is reported in the Remuneration Report each year.

Directors' Recommendation

Given each Non-executive Director has an interest in Resolution 8, the Board does not consider it is appropriate to make a recommendation to shareholders in relation to voting on this resolution.

GLOSSARY

10% Placement Facility has the meaning given in Section 7.1.

10% Placement Period has the meaning given in Section 7.2(f).

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited.

\$ means Australian Dollars.

Board means the board of directors of the Company.

Capital Raising means the offer through the Prospectus of a maximum of 50,000,000 Shares at not less than \$0.20 per Share to raise a maximum of \$10 million.

Company or **Exalt** means Exalt Resources Limited (ACN: 145 327 617).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors mean the current directors of the Company.

Equity Securities has the same meaning as in the Listing Rules.

Explanatory Memorandum means the explanatory memorandum accompanying the Notice.

Annual General Meeting means the meeting convened by the Notice.

Listing Rule means a Listing Rule of ASX.

Notice means the Notice of Meeting accompanying this Explanatory Memorandum.

Odni means ODNI Holdings (Pte.) Ltd. Reg No. 201204057R.

Option means an option to acquire a Share, and in relation to Resolution 5, an option to acquire a Share on the terms set out in Annexure A.

Prospectus means the prospectus lodged by the Company with ASIC and dated 7th September 2012 as amended and supplemented by the Supplementary Prospectus.

Proxy Form means the proxy form for the Annual General Meeting accompanying the Notice.

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

Supplementary Prospectus means the Supplementary Prospectus lodged by Exalt with ASIC on 24th October 2012.

ANNEXURE A: Terms of Options to be issued to Mr Moss (Resolution 5)

The terms and conditions of the Options to be issued to Mr Moss (or his nominee) is the shareholders approve Resolution 5 is set out below:

- (a) **(Entitlement)** Each Option entitles the holder to one Share.
- (b) **(Manner of exercise)** Provided the Options have vested in accordance with paragraph (m) below, the Options are to be exercised by completing an option exercise form and providing payment for the number of Shares in respect of which the Options are exercised, to the registered office of the Company.
- (c) **(Exercise Price)** The exercise price of the Options is \$0.20 each;
- (d) **(Expiry date)** The exercise period for the Options commences when the Options are issued and expires at 5.00pm AEST in relation to the Options, four years from the date of issue;
- (e) **(Not transferable)** The Options are not transferable.
- (f) **(Ranking)** All Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then issued Shares.
- (g) **(Official Quotation)** The Company will not apply for the Official Quotation of the Options. The Company will apply for Official Quotation of all Shares issued upon exercise of the Options.
- (h) **(New issues)** There are no participating rights and entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options without exercising their Options. However, the Company will ensure that the Option holder will be allowed ten business days' notice to convert the Options to Shares to participate in an entitlement issue on the same basis as Shareholders.
- (i) **(Takeover)** If any takeover bid (including by way of scheme of arrangement or otherwise) is publicly announced in respect of the Company, then the following provisions apply in relation to the takeover bid:
- (i) the Company must promptly give written notice of the takeover bid to the Option holder whereupon all Options (which have not lapsed or expired), notwithstanding anything to the contrary, must be exercised at any time prior to the expiry of the later of:
 - A. 60 days after receiving such notice; and
 - B. the date that a takeover bid (which is recommended for acceptance by the Board) becomes unconditional,("Takeover Exercise Period") or, if applicable, within the further seven day period referred to in (iv) below.
 - (ii) The dates referred to in paragraph (i)(i)(A) and (B) above only apply where they occur before the relevant expiry date. For the avoidance of doubt, where the expiry date occurs before a date referred to in (i)(i)(A) or (B), the Options must be exercised on or before the expiry date.
 - (iii) If, during the Takeover Exercise Period, the person making the takeover bid ("bidder") offers to grant options in the capital of the bidder ("Replacement Options") to the Option holder (and, for the avoidance of doubt, this does not obligate the Company in any way to procure such an offer from the bidder) in consideration for the cancellation or acquisition of the Options, the Option holder may, in his or her discretion, accept such Replacement Options instead of exercising the Options.
 - (iv) If no offer of Replacement Options is made during the Takeover Exercise Period and accepted, the Option holder has (other than in the case of a scheme of arrangement) a further seven days' grace after the expiry of the Takeover Exercise Period within which to exercise the Options ("Grace Period"), whereupon unexercised Options will lapse. For the avoidance of doubt, where the expiry date occurs before the end of the Grace Period, the Options must be exercised on or before the expiry date. In the case of a scheme of arrangement, the Options will lapse at the end of the Takeover Exercise Period.
 - (v) If the takeover bid lapses or is withdrawn or closes without being recommended for acceptance by the Board, whether the bid is conditional or unconditional, then the provisions of all the paragraphs hereof will revive in respect of any unexercised Options which Options will remain on foot.

(j) **(Reorganisation of capital)** In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the relevant expiry date, the number of Options or the exercise price, or both, shall be reconstructed in accordance with the Listing Rules.

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

(i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which Mr Moss would have received if he had exercised the Option before the record date for the bonus issue; and

(ii) no change will be made to the exercise price.

(l) **(Adjustment for pro rata issue)** If the Company makes a pro rata issue of Shares or other securities to shareholders (other than a bonus issue or an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the exercise price of an Option will be reduced according to the following formula:

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

O = the old exercise price of the Option.

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

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

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

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

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

(m) **(Vesting of Options)** The Options vest as follows:

(i) one third of the Options are exercisable on the first anniversary of the date of Mr Moss's appointment as a director. If the resulting number of options contains a fraction, such number shall be rounded down to the next lowest whole number;

(ii) one third of the Options are exercisable on the second anniversary of the date of Mr Moss's appointment as a director. If the resulting number of options contains a fraction, such number shall be rounded down to the next lowest whole number; and

(ii) the balance of the Options are exercisable on the third anniversary of the date of Mr Moss's appointment as a director,

provided the Option holder continues to be employed or engaged by the Company. Where such engagement or employment ceases with the Company, the Options (which are not vested at that point in time) will no longer vest.