

CAPE RANGE LTD

ABN 43 009 289 481



NOTICE OF GENERAL MEETING

TIME: 10:00 am EST

DATE: 15 August 2013

PLACE: C/- MDS Financial Group Limited
Level 37, Rialto Building, South Tower
525 Collins Street
Melbourne, Victoria, Australia

The Independent Expert has concluded that the Acquisition the subject of Resolution 1 outlined in this Notice of Meeting is FAIR AND REASONABLE to Shareholders.

All Shareholders should refer to the Independent Expert's Report enclosed with this Notice of Meeting.

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's Chairman on (+61) 411 544 449.

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IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the meeting of the Shareholders to which this Notice of Meeting relates will be held at 10:00 am EST on 15 August 2013 at:

C/- MDS Financial Group Limited
Level 37, Rialto Building, South Tower
525 Collins Street
Melbourne, Victoria, Australia

YOUR VOTE IS IMPORTANT

The business of the 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 Meeting are those who are registered Shareholders at 5:00 pm EST on 13 August 2013.

VOTING IN PERSON

To vote in person, attend the 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 member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member 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.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Meeting. Broadly, the changes 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 is 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 (i.e. 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 (i.e. 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 (i.e. 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;
 - 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

1. RESOLUTION 1 – APPROVAL FOR ACQUISITION OF EXERGEN PTY LTD

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

"That, subject to the passing of Resolutions 2 and 3, for the purposes of:

- (a) *ASX Listing Rule 11.1 and for all other purposes, Shareholders approve the acquisition by the Company of the issued capital in Exergen Pty Ltd in accordance with the Agreement and the performance by the Company of its obligations under the Agreement;*
- (b) *ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 394,000,000 Shares (on a post-Consolidation basis) (**Consideration Shares**) pursuant to the terms of the Agreement;*
- (c) *ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 18,500,000 Performance Rights (on a post Consolidation basis) to Mr Trevor Bourne (or his nominee) on the terms and conditions set out in the Explanatory Statement and pursuant to the terms of the Agreement;*
- (d) *Section 611 (Item 7) of the Corporations Act and for all other purposes, Shareholders approve the issue of 107,490,253 Consideration Shares (on a post-Consolidation basis) to Elphinstone (or his nominee), which will result in Elphinstone's voting power in the Company being 22.86%; and*
- (e) *Section 611 (Item 7) of the Corporations Act and for all other purposes, Shareholders approve the issue of 111,260,738 Consideration Shares (on a post-Consolidation basis) to Albrecht (or his nominee), which will result in Albrecht's voting power in the Company being 23.66%,*

and otherwise on the terms and conditions in the Explanatory Statement."

Expert's Report: Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under Section 611 Item 7 of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the transactions the subject of this Resolution to the non-associated Shareholders in the Company.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed. 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.

2. RESOLUTION 2 – CONSOLIDATION OF CAPITAL

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

"That, subject to and conditional upon the passing of Resolutions 1 and 3, pursuant to section 254H of the Corporations Act and for all other purposes, the issued capital of the Company be consolidated on the basis that every two (2) Shares be consolidated into one (1) Share and, where this Consolidation results in a fraction of a Share being held, the Company be authorised to round that fraction up to the nearest whole Share."

3. RESOLUTION 3 – SHARE PLACEMENT

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

"That, subject to and conditional upon the passing of Resolutions 1 and 2, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 25,000,000 Shares (on a post Consolidation basis) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed 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.

4. RESOLUTION 4 – CHANGE OF COMPANY NAME

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

"That, subject to completion of the Acquisition, for the purposes of section 157(1)(a) of the Corporations Act and for all other purposes, approval is given for the name of the Company to be changed to Exergen Limited."

5. RESOLUTION 5 – ISSUE OF SHARES TO WAYNE JOHNSON

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

"That, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 463,341 Shares plus up to that number of Shares as will satisfy the Company's obligation to pay Wayne Johnson's 2013 Fees to Wayne Johnson (or his nominee) on the terms and conditions set out in the Explanatory Statement."

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by Wayne Johnson (and his nominee) and any of their associates. 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:

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

6. RESOLUTION 6 – ISSUE OF SHARES TO MICHAEL HIGGINSON

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

"That, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 380,498 Shares plus up to that number of Shares as will satisfy the Company's obligation to pay Michael Higginson's 2013 Fees to Michael Higginson (or his nominee) on the terms and conditions set out in the Explanatory Statement."

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by Michael Higginson (and his nominee) and any of their associates. 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:

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

7. RESOLUTION 7 – FINANCIAL BENEFIT TO JOHN GEORGIPOULOS

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

“That, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 50,000 Shares plus up to that number of Shares as will satisfy the Company’s obligation to pay John Georgiopoulos’ 2013 Fees to John Georgiopoulos (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by John Georgiopoulos (and his nominee) and any of their associates. 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:

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

8. RESOLUTION 8 – ISSUE OF SHARES TO JOSEPH CORNELIUS

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

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 795,168 Shares to Joseph Cornelius (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by Joseph Cornelius (and his nominee) and any of their associates. 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.

9. RESOLUTION 9 – ADOPTION OF EMPLOYEE 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 that 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 any Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. 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: 10 JULY 2013

BY ORDER OF THE BOARD

**MICHAEL HIGGINSON
DIRECTOR/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 which are the subject of the business of the Meeting.

1. OVERVIEW OF CHANGE OF ACTIVITIES

1.1 Background

Cape Range Ltd (**Cape Range** or the **Company**) is a public company listed on the official list of the ASX (ASX code: CAG) with a principal focus on telecommunications and information technology. The Company was admitted to the official list of the ASX on 9 July 1981 and has been suspended from quotation on the ASX since 12 November 2010.

1.2 Background to Change in Nature and Scale of Activities

Since the Company's suspension, it has explored a number of potential acquisitions outside of the telecommunications and information technology sector. In this regard, the Company has generally focussed on acquiring mining assets with a view to delivering value to its Shareholders. To date, the Company has not successfully acquired a new project due generally to it not being satisfied with due diligence investigations in respect of those acquisitions.

As announced by the Company on 16 May 2013, the Company has entered into a heads of agreement with Exergen Pty Ltd (**Exergen**) to acquire Exergen from the Exergen shareholders. A summary of the material terms of the heads of agreement is set out in Section 1.6 of this Explanatory Statement.

1.3 About Exergen

Exergen's business plan and strategy centres on leveraging its technology into resource development opportunities through a range of commercialisation pathways servicing the growing Asian market. Following a successful 10 year research and development process, focused on environmentally responsible clean coal technology, Exergen is now in the process of evolving into a broader based resources company by acquiring coal resources for development. Exergen plans to become an important supplier to the fast-growing Asian thermal coal markets, by developing a portfolio of large low rank coal resources in the Latrobe Valley and Bacchus Marsh, Victoria as well as in Asian markets such as Indonesia.

Exergen's patented process is seen as an "enabling technology" as there are a number of coal conversion technologies such as coal to gas, coal to oil, and coal to chemicals and fertilizers, that require a low-cost, low-emission "front end" lignite drying process in order to be technically and commercially viable. Therefore, Exergen's strategy includes developing commercial partnerships with owners of these various "back-end" technologies, and numerous detailed discussions are underway.

Exergen is a private Australian company which was formed in 2001, with the ambition of unlocking the value of low rank coal (LRC) in the Latrobe Valley, Victoria. The company is headquartered in Brisbane and has an office in Melbourne.

Exergen has developed a patented autoclave technology which upgrades LRC in a very energy efficient manner. LRC is a plentiful resource with many deposits amenable to low cost mining. Currently, most LRC is used in mine-mouth power stations, with very little product exported due to the low energy content of the coal and transportation costs.

The patented technology provides an elegant upgrading solution which could unlock the value of many of these undervalued deposits through a range of commercialisation options. Importantly, upgrading LRC in an energy efficient way has significant environmental benefits as a result of the reduction in carbon emissions that result from the use of that coal when compared with using the raw coal. Where the coal is transported in slurry form it is also a very safe product to handle.

Exergen's current ownership structure consists of the founders, which include prominent industry experts, management, and four major industry players. Exergen attracted investment and support from experienced and capable Cornerstone Investors, which were specifically added to the shareholder register to address essential business risk issues such as investment, product development, marketing, off take, design, engineering and construction.

- Tata – India's largest private power utility (including access to Tata Shipping Services). Tata is a world leader in super-critical power station development and power station operations. They also have considerable experience of mining and transporting LRC from Indonesia to India and can call on expertise from within the vast Tata organisation;
- Itochu – one of Japan's leading trading houses with extensive coal trading expertise. Itochu is a major buyer and trader of coal for power station customers in Japan and elsewhere in Asia;
- Thiess – a subsidiary of Leighton Holdings, the world's largest supplier of outsourced mining services.
- Sedgman – a global specialist provider of mineral engineering solutions, leading coal processing and materials handling technologies.

Exergen's corporate structure includes three wholly-owned subsidiaries:

Exergen Developments Pty Ltd is the research and development vehicle. Exergen Technology Pty Ltd holds the licensing rights to the patented technology. LV-NG Pty Ltd is a project vehicle set up to hold coal resource assets in the Latrobe Valley (**LV-NG**).

(a) **Explanation of Continuous Hydrothermal Dewatering Technology**

Exergen's autoclave consists of concentric pipes placed in a deep mine shaft or bore-hole, allowing the weight of the column of coal and water slurry in the autoclave to provide enough pressure at the bottom to prevent boiling at elevated temperature. The concentric pipes act as a heat exchanger, passing heat from the outlet stream travelling up the autoclave to the inlet stream descending to the bottom of the autoclave. The use of multiple downcomers within a single autoclave shell is used at greater throughput to improve heat transfer. While the slurry can reach a temperature of nominally 300°C and pressure of 100 bars at the bottom of the autoclave, the temperature and pressure at the top of the autoclave are relatively low. Through these design

characteristics, the autoclave is able to achieve high thermal efficiency, and a low pumping power requirement.

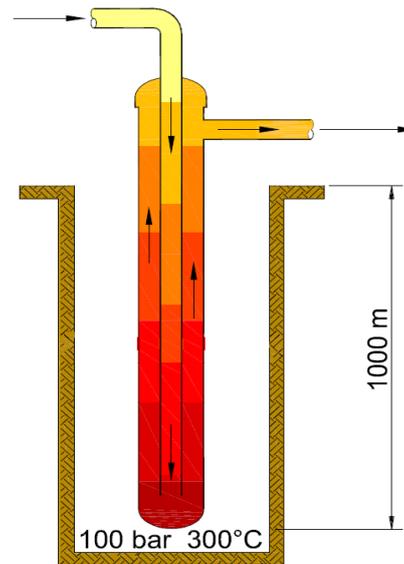


Figure 1 – Exergen vertical autoclave concept diagram

Exergen is focused on applying the autoclave technology to the upgrading of high moisture, low-rank coals (**LRCs**), in a process labelled as Continuous Hydrothermal De-Watering (**CHTD**). This process is applicable to LRCs that are known for their high moisture content. LRCs are typically used at the mine mouth for power generation. They are generally close to the surface and cheap to mine, but have little sale value due to their high moisture content. Transporting this coal is expensive because a large portion of its weight is water. Moisture in LRC is held tightly in the water attracting, porous structure. Even for resources that contain over 60% moisture, this moisture cannot be removed from the coal through simple non-evaporative, physical separation (eg. filtration).

In the CHTD process, Exergen's vertical autoclave exposes slurry of LRCs and water to temperatures of nominally 300°C, under enough pressure to prevent it from boiling. At this temperature a reaction takes place, causing changes to the composition and structure of the low-rank coal. After the slurry cools and exits the autoclave, these changes to the coal allow a significant portion of the coal moisture to be efficiently removed from the coal in the liquid state by filtration or mechanical expression.

There are three key properties of the upgraded coal:

- (i) it can form pumpable slurry at less than its as-mined moisture content, allowing for economical, long-distance transportation through a slurry pipeline or oil tanker;
- (ii) a large portion of its moisture content can be removed by filtration and mechanical expression processes, avoiding the costly and inefficient and environmentally unacceptable alternative of thermal drying; and
- (iii) an increased coal energy density and therefore market value.

Through further downstream processing, including thermal drying and briquetting, the CHTD upgraded LRCs can be formed into a number of different coal products that fall into existing thermal coal markets. These are discussed further in paragraph (c) below.

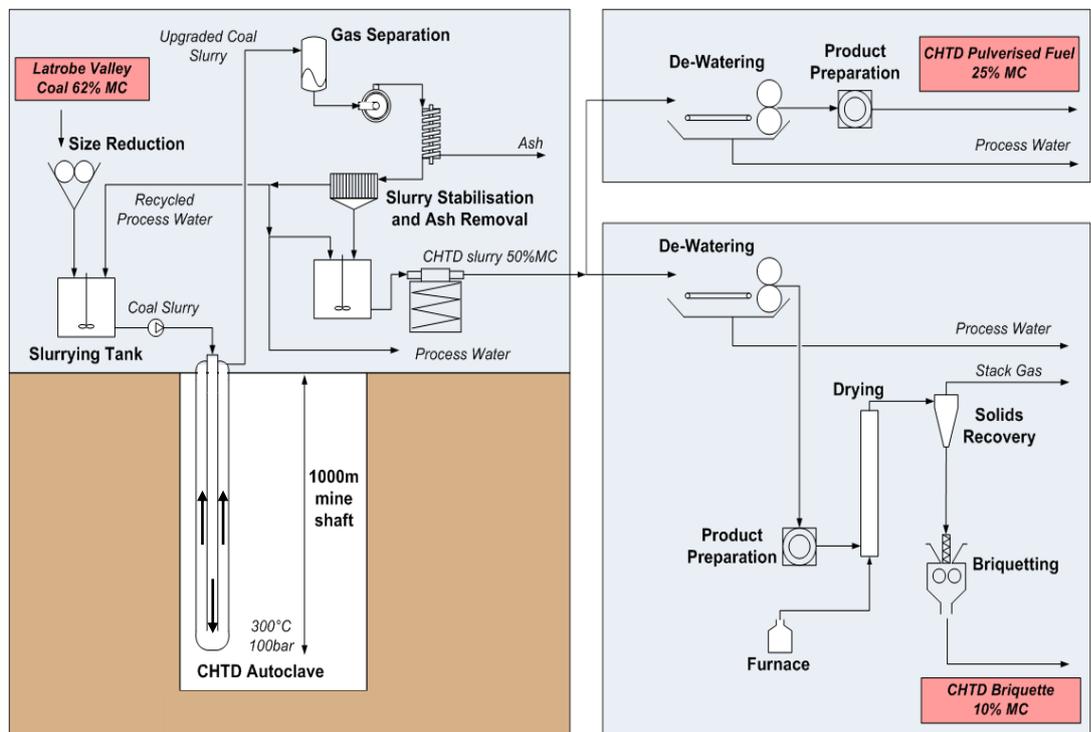


Figure 2 – CHTD process as applied to a typical Victorian LRC

By combining the ability of CHTD to upgrade the value of LRC resource, and provide economical long distance transportation options, the distance between the LRC mine and its intended market can be extended beyond its current limitations.

(b) **Environmental advantages of CHTD technology**

High moisture, low rank coal resources are known to produce relatively large amounts of carbon emissions compared to other fossil fuels when burned to produce electricity. This is mainly due to the high moisture content in the coal, which uses a large portion of the coal's thermal energy when it is evaporated in a power station boiler. By removing a large portion of the coal's moisture content by non-evaporative means, including filtration and mechanical expression, Exergen's CHTD process can improve the efficiency and lower the carbon emissions when the coal is burned to produce electricity. When CHTD technology is combined with modern boiler and steam cycle technology, there is potential to produce electricity with less carbon emissions than the average emissions of existing power stations.

Carbon emissions can potentially be reduced even further with newer power generation technologies. One such technology currently in development at the CSIRO is a Direct Injection Coal Engine (**DICE**). This technology uses a coal water fuel to power a large, low-speed diesel engine. The CSIRO has successfully operated a pilot scale DICE engine running solely on CHTD slurry fuel (no supplementary fuel was required). With DICE technology, some of the energy that is required to evaporate

the coal moisture is recovered and converted into electricity. The coal water fuel must be a pumpable slurry at as low a moisture content as possible to achieve the best results, consistent with Exergen's CHTD technology. This opens up potential for DICE to reduce emissions from base load LRC power generation to even lower than what can be achieved with a combination of CHTD and the most modern conventional power station technology.

(c) **Applications of CHTD technology**

Exergen is focussing on four commercialisation options, three of which are shown in the following diagram.

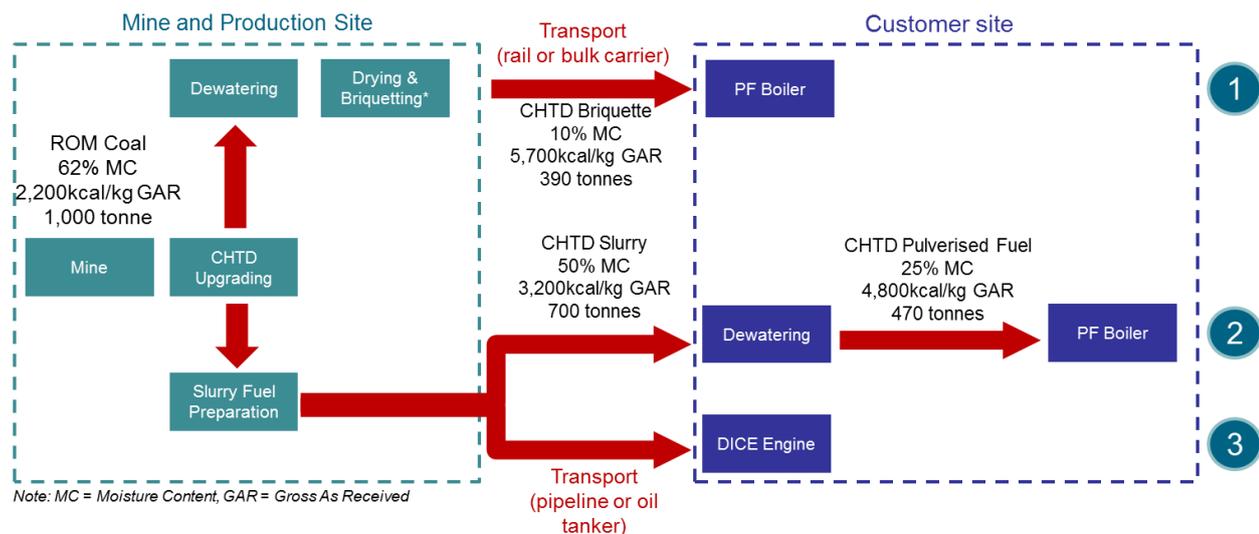


Figure 3 CHTD Commercialisation options for a typical Victorian LRC resource

CHTD Briquettes

The upgraded CHTD coal is dried and formed into a briquette, which can be transported as a bulk solid and traded on the existing thermal coal market.

CHTD Pulverised Fuel

The upgraded CHTD coal is formed into a stabilised slurry, which can be transported to a customer power station by a long distance slurry pipeline or oil tanker. The slurry is de-watered into a CHTD pulverised fuel at the customer power station site.

DICE Fuel

The upgraded CHTD coal is further processed into a low moisture content, low ash slurry that can be used as a fuel for a DICE. This high efficiency, low carbon emission power generation technology is currently in development and offers a future market for a CHTD slurry product.

Licensing CHTD technology to third parties

Exergen may also consider entering into intellectual property licensing arrangements with third parties for which it would receive a fee.

Supply to third parties

The CHTD technology may also be used as a “front end” coal upgrading process. In this regard, it may be used to supply third parties with coal products for conversion processes such as in converting coal to oil, gas, fertilisers and chemicals.

Application of CHTD technology to other minerals

In addition to the primary applications of the CHTD technology to coal, Exergen's CHTD process has a broad range of potential commercial applications. Exergen has identified the following applications which may also benefit from the CHTD process:

- (i) bauxite digestion, where the CHTD technology may provide a lower capital alternative to conventional technologies;
- (ii) zinc extraction from sulphide concentrates – removal of iron residues from strong acid leach solution created as part of the hydrometallurgical process, a similar process could also be applied to the production of other base metals;
- (iii) pressure acid leaching of lateritic nickel; and
- (iv) treatment of municipal waste water to remove difficult to degrade components which are often present following standard primary, secondary and tertiary treatment. These components include flame retardants, pharmacologically active compounds, odorants, colorants and viruses.

1.4 Exergen's Projects

(a) Demonstration Plant

Exergen has successfully completed pilot scale (4tph feed) development of its CHTD technology. Exergen now hopes, subject to raising the necessary funds, to construct a demonstration scale (50tph feed) facility (**Demonstration Plant**). Exergen considers that, if completed, the Demonstration Plant will allow Exergen to conduct sufficient processing, proving & testing of the CHTD technology to enable completion of a bankable feasibility study (**BFS**) for commercial scale modules (500tph feed). Significant capital will be required in order for Exergen to complete construction of the Demonstration Plant and Exergen anticipates raising these funds by way of an equity capital raising in the short to medium term.

Exergen has a memorandum of understanding in place with EBAC, to use their Commercial Road, Morwell site in Victoria to host the Demonstration Plant in the event that its construction is to proceed.

The long term plan for Exergen, upon completion of the Demonstration Plant and a successful BFS, is to construct a commercial facility for application of the CHTD technology to upgrade its own coal resources for export (**Commercial Plant**).

(b) **Bacchus Marsh Project**

Exergen has established a 50/50 joint venture with ASX listed exploration company Mantle Mining Corporation Limited (ASX: MNM) (**Mantle**) to develop the Bacchus Marsh Project in Victoria. Following successful demonstration of its CHTD technology, Exergen and Mantle will consider the commercial development of this resource. However, Exergen will use a rational approach with respect to determining where and when it will focus its application of the CHTD technology in accordance with good business practices taking into consideration the funds and other opportunities available.

(c) **Latrobe Valley**

Exergen's is also seeking to acquire a resource base in the Latrobe Valley in Victoria. Latrobe valley coal resources have highly attractive features, including;

- (i) large unallocated resources in excess of 13 billion tonnes;
- (ii) good coal quality – low ash, low sulphur;
- (iii) favourable mining economics due to low overburden to coal ratios;
- (iv) high moisture content well suited to Exergen's CHTD technology; and
- (v) strong local community support based on importance of mining to local economy and availability of a skilled and experienced local workforce.

In this regard, Exergen is considering the following options:

- (i) acquiring coal mining tenements through any Victorian government coal allocation process; and
- (ii) seeking the formation of a joint venture with third parties with coal mining interests in the Latrobe Valley region.

1.5 Exergen Cornerstone Investor Agreements

Each Cornerstone Investor has agreed to assist Exergen in seeking to obtain a coal licence from the Victorian Government (**Coal Licence**) and to maximise any State and Federal Government assistance in regard to the development and commercialisation of the CHTD technology as well as providing product off-take arrangements to enable commercialisation. In this regard, Exergen is party to Cornerstone Investor agreements with the following parties:

(a) **Tata**

- (i) Tata has invested \$10 million in exchange for shares in Exergen.
- (ii) Tata has the option to acquire an interest of up to 25% in LV-NG upon LV-NG securing a Coal Licence in the Latrobe Valley, if successful.
- (iii) Subject to Tata electing to invest in LV-NG, LV-NG and Tata may enter into a coal offtake agreement to acquire, on

commercial terms, treated coal output from the Demonstration Plant.

- (iv) Exergen and Tata have entered into an intellectual property licence agreement pursuant to which Tata will be granted the right to use Exergen's CHTD Technology at an Indonesian coal site held by Tata on a royalty free basis.

(b) **Thiess**

- (i) Thiess has invested \$2.5 million in exchange for shares in Exergen.
- (ii) If Thiess and Exergen (or a Related Body Corporate of Exergen) enter into a construction contract for construction of the Demonstration Plant, Thiess will subscribe a further \$2.5 million in the Company (up to \$0.720 million of which may be subscribed in advance) at an issue price to be determined based on the market price of the Company's Shares at the date of issue.
- (iii) If Exergen (or a Related Body Corporate of Exergen) obtains a Coal Licence and issues to Thiess a "notice to proceed" with respect to construction of a Commercial Plant:
 - (A) Thiess will subscribe a further \$5 million in Exergen (or the Company upon completion of the Acquisition and readmission of the Company to ASX);
 - (B) Exergen and Thiess will co-operate in developing the terms of an intellectual property licence agreement pursuant to which Thiess will be granted the right to use the Exergen CHTD technology at an Indonesian coal site on a royalty free basis.
- (iv) Exergen will negotiate exclusively with Thiess with the intention of engaging Thiess on a "preferred supplier" basis, on commercial terms, to provide construction and mining services in respect of the Demonstration Plant and the Commercial Plant.
- (v) Thiess is entitled to receive the benefit of any carbon credits in proportion to its interest in Exergen (or the Company upon completion of the Acquisition).

(c) **Itochu**

- (i) Itochu has invested \$5 million in exchange for shares in Exergen.
- (ii) If Exergen issues a "notice to proceed" with respect to the Demonstration Plant and Itochu is satisfied that coal processed using the CHTD technology will meet the requirements of the market, Itochu will invest a further \$5 million in Exergen (or the Company upon completion of the Acquisition and readmission of the Company to ASX) at an issue price to be determined based on the market price of the Company's Shares at the date of issue.

- (iii) Itochu has the option to acquire an interest of up to 10% in LV-NG upon LV-NG securing a Coal Licence.
- (iv) If Itochu acquires a 10% interest in LV-NG:
 - (A) LV-NG and Itochu may enter into a coal offtake agreement or a coal marketing agreement, on commercial terms, in respect of treated coal output from the Commercial Plant in proportion to Itochu's equity interest in LV-NG;
 - (B) LV-NG and Itochu may enter into a coal sales representation agreement appointing Itochu as the exclusive marketing agent for Japan, Korea, Taiwan, Vietnam, the Philippines and Thailand (and the non-exclusive preferred marketing agent for the rest of the world) in respect of treated coal output from the Commercial Plant; and
 - (C) subject to Itochu entering into a coal offtake or marketing agreement (as described above), Itochu may appoint a director the board of LV-NG.
- (v) Subject to the further investment of \$5 million described above, Exergen will offer a first right to Itochu to participate in other coal projects in which the CHTD technology is used.
- (vi) Itochu will be entitled to receive any greenhouse gas or carbon credits in proportion to its interest in LV-NG.
- (d) **Sedgman**
 - (i) Sedgman has invested \$3 million in exchange for shares in Exergen.
 - (ii) Sedgman has been granted:
 - (A) an exclusive right to provide basic design services associated with all licence agreements entered into by Exergen relating to the CHTD process, provided Sedgman can provide the necessary services at a commercially reasonable rate; and
 - (B) a non-exclusive global right to represent the CHTD technology and promote Sedgman's delivery of the technology with third parties for opportunities not being pursued by Exergen (subject to the parties negotiating and agreeing a reasonable distribution agreement).
 - (iii) Sedgman will subscribe a further \$2 million in Exergen (or the Company upon completion of the Acquisition and readmission of the Company to ASX) at an issue price to be determined based on the market price of the Company's Shares at the date of issue, provided that Exergen:
 - (A) issues a "notice to proceed" with respect to the Demonstration Plant;

- (B) engages Sedgman to provide, on commercial terms, engineering and design services in respect of the Demonstration Plant; and
- (C) grants Sedgman the right to operate the Demonstration Plant.
- (iv) Exergen and Sedgman have agreed to use reasonable endeavours to negotiate and agree on a mutually acceptable commercial model in respect of the Commercial Plant under which:
- (A) Sedgman would subscribe for additional shares in Exergen (or the Company upon completion of the Acquisition and readmission of the Company to ASX) for an aggregate subscription price of \$5 million; and
- (B) Exergen would engage Sedgman to undertake engineering design and operations services in respect of the Commercial Plant.

1.6 Key terms of the Agreement

On or about 9 May 2013, the Company entered into a binding heads of agreement which was subsequently varied on 16 May 2013 and 8 July 2013 (**Agreement**) with Exergen, an unlisted Australian company, together with certain key stakeholders of Exergen to acquire 100% of the issued share capital of Exergen (**Acquisition**).

In accordance with the terms of the Agreement, the Company intends to enter into a share purchase agreement with each of the shareholders of Exergen (**Vendors**) to acquire 100% of their Exergen shares, conditional upon completion occurring in accordance with the Agreement. As at the date of this Notice of Meeting, the Company is in the process of finalising the share purchase agreement with the Vendors.

The key terms of the Agreement are as follows:

Conditions Precedent

Completion of the Acquisition is subject to (amongst other things) the satisfaction or waiver by the parties of the following conditions precedent:

- (a) all Exergen shareholders accepting Cape Range's offer to acquire their Exergen shares;
- (b) Cape Range obtaining a waiver from ASX to allow it to issue the Deferred Consideration Shares outside of 3 months from the date of Shareholder approval at this Meeting;
- (c) Cape Range entering into formal share sale and purchase agreements with all Exergen shareholders;
- (d) completion by Cape Range of the Initial Capital Raising;
- (e) Shareholders approving the Consolidation (Resolution 2);

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- (f) Cape Range completing a prospectus to raise a minimum of \$3,000,000 at an issue price of at least \$0.20 per Share on a post Consolidation basis (Resolution 3);
 - (g) the approval by Cape Range shareholders of:
 - (i) a change in the nature and/or scale of Cape Range's activities in accordance with ASX Listing Rule 11.1.2 (Resolution 1);
 - (ii) the allotment and issue of the 394,000,000 Shares (**Consideration Shares**) and 18,500,000 Performance Rights on a post Consolidation basis (Resolution 1); and
 - (iii) the change of name of Cape Range to Exergen Limited (Resolution 4);
 - (h) Cape Range complying with any requirements of ASX including, if necessary, receiving conditional approval to have its shares readmitted to trading on the Official List of ASX and those conditions being satisfied to the reasonable satisfaction of the Parties (as required by ASX Listing Rule 11.1.3);
 - (i) Cape Range preparing and lodging a prospectus for the Placement with the ASIC and receiving applications to meet the minimum subscription under the Placement of not less than \$3,000,000;
 - (j) Exergen entering into or varying various agreements which are necessary as a consequence of the Acquisition in order to ensure that Exergen will not have any obligations to issue securities to third parties after completion of the Acquisition;
 - (k) Cape Range discharging its material liabilities; and
 - (l) Cape Range having cash deposits of at least \$1,000,000 following the discharging of its material liabilities and prior to the completion of the Placement.

In addition, Exergen will have the right to appoint not less than three (3) nominees to the Board of Cape Range.

Consideration

In exchange for the Company acquiring 100% of the issued share capital in Exergen, the Company will issue by way of consideration on a post-Consolidation basis, the following to the Vendors:

- (a) 162,500,000 Shares and 18,500,000 Performance Rights at settlement, on a post Consolidation basis;
- (b) 231,500,000 Shares (**Deferred Consideration Shares**), on a post Consolidation basis, to be issued upon satisfaction of the following milestones in relation to the Demonstration Plant:
 - (i) 115,750,005 Shares upon the execution of a lease with EBAC at Commercial Road, Morwell, Victoria and a site services deed with EBAC for the supply of services, including making available infrastructure to enable the construction, operation and maintenance of the Demonstration Plant; and

- (ii) 115,749,495 Shares upon the award of a government grant under a current joint Commonwealth and Victorian government initiative.

Mr Trevor Bourne (Exergen's Chief Executive Officer) has a right to be issued with \$2,000,000 worth of shares in Exergen under his existing employment contract. In addition, Mr Bourne is entitled to cash bonus entitlements to the value of \$2,000,000 (to be grossed-up for tax purposes) upon satisfaction of certain milestones. However, rather than those shares being issued and cash bonus payments being made to Mr Bourne prior to completion of the Acquisition, Mr Bourne will be issued 18,500,000 Performance Rights as consideration for the Acquisition rather than Consideration Shares. As set out above, the Performance Rights will be issued to Mr Bourne at settlement of the Acquisition and will convert on the same basis as the Deferred Consideration Shares will be issued.

The Consideration Shares and Performance Rights (as well as Shares issued upon conversion of the Performance Rights) will be subject to escrow restrictions in accordance with Chapter 9 of the ASX Listing Rules. Cape Range will seek a waiver from ASX in order to allow it to issue the Consideration Shares and Performance Rights outside of the 3 month period after receipt of shareholder approval.

Approval for the Acquisition, which includes a change in nature and scale of activities of the Company, is the subject of Resolution 1.

Consolidation of Capital

As required by the ASX Listing Rules, the Company will undertake a consolidation of its issued capital on the basis of one (1) Share for every two (2) Shares held (**Consolidation**).

Approval for the Consolidation is the subject of Resolution 2.

Placement

In order to fund the Acquisition, to re-comply with Chapters 1 and 2 of the ASX Listing Rules and meet the conditions of the Agreement, the Company will conduct the Placement to raise at least \$3,000,000 (before costs) at an issue price of \$0.20 (following the Consolidation as defined above). The Placement will be conducted under a full form prospectus to be prepared by Cape Range. The Company will also offer oversubscriptions for up to a further 10,000,000 Shares to raise up to a further \$2,000,000.

Approval for the issue of Shares pursuant to the Placement is the subject of Resolution 3.

Option Issue

Cape Range will undertake a 1 for 1 issue of Options, at an issue price of \$0.001 per Option, to all Shareholders as at the date which is 3 months after Cape Range is readmitted to the Official List of the ASX. Each Option will be exercisable at \$0.25 and will expire 12 months after the date of issue. Application will be made to ASX for the granting of official quotation for these Options.

New Board of Directors

In accordance with the terms of the Agreement, at least three nominees of Exergen will be appointed to the Board of the Company. Exergen has yet to determine the structure of the Board.

However, Exergen has advised the Company that upon completion of the Acquisition, the members of the Board are expected to come primarily from the existing directors of Exergen, taking into account the skill set required for implementing the proposed business plan of the Company going forward. In this regard, Exergen is aware of, and will have reference to, the corporate governance guidelines of the ASX in determining the structure of the Board.

Change of Name

As a result of the Acquisition, the Company proposes to change its name to Exergen Limited. Approval for the change of name is the subject of Resolution 4.

2. RESOLUTION 1 – APPROVAL OF ACQUISITION OF EXERGEN PTY LTD

2.1 General

Resolution 1 seeks the approval of Shareholders for the Acquisition, which will result in a change in the nature and scale of the Company's activities. It also seeks approval for the issue of the Consideration Shares and for each of Elphinstone and Albrecht to acquire a relevant interest in the Company in excess of 20%.

As outlined in Section 1 of this Explanatory Statement, the Company has entered into the Agreement with Exergen to acquire 100% of the issued share capital in Exergen. As at the date of this Notice of Meeting, the Company is in the process of finalising the share purchase agreement with the Vendors.

A detailed description of the proposed acquisition of Exergen is outlined in Section 1 above.

Resolution 1 is conditional on Resolutions 2 and 3 in this Notice of Meeting being approved.

2.2 ASX Listing Rule 11.1

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature and scale of its activities, it must provide full details to ASX as soon as practicable and comply with the following:

- (a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if ASX requires, obtain the approval of holders of its shares and any requirements of ASX in relation to the notice of meeting; and
- (c) if ASX requires, meet the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the company were applying for admission to the official list of ASX.

ASX has indicated to the Company that, given the significant change in the nature and scale of the activities of the Company upon completion of the Acquisition, it requires the Company to:

- (a) obtain the approval of its Shareholders for the proposed change of activities; and
- (b) re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules.

For this reason, the Company is seeking Shareholder approval for the Company to change the nature and scale of its activities under ASX Listing Rule 11.1.2 and pursuant to ASX Listing Rule 11.1.3 in order to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

Details of Exergen's assets and the proposed changes to the structure and operations of the Company are set out throughout this Explanatory Statement.

2.3 ASX Listing Rule 7.1

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.

The effect of Resolution 1 will be to allow the Company to issue the Consideration Shares to Exergen shareholders during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

2.4 ASX Listing Rule 10.11

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

As the grant of the Performance Rights involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

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 Mr Bourne will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

2.5 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 grant of Performance Rights constitutes giving a financial benefit and Mr Bourne is a related party of the Company by virtue of potentially being a Director of the Company upon completion of the Acquisition.

It is the view of the Directors that the exceptions set out in Sections 210 to 216 of the Corporations Act apply in the current circumstances on the basis that the issue is on arm's length terms as it forms Mr Bourne's consideration for the Acquisition.

In determining that the issue of Performance Rights to Mr Bourne is on arm's length terms, the Company has taken the following into account:

- (a) the consideration for the Acquisition was reached by the Company on arm's length terms;
- (b) the board of Exergen has determined the number of Exergen shares which Mr Bourne would be entitled to in the event that his rights under his employment contract were exercised prior to completion of the Acquisition; and
- (c) the number of Performance Rights to be issued to Mr Bourne at completion of the Acquisition corresponds with the number of Shares Mr Bourne would be entitled to in the event that his rights under his employment contract were converted to Exergen shares prior to completion of the Acquisition.

Accordingly, Shareholder approval is not sought pursuant to Chapter 2E of the Corporations Act for the issue of the Performance Rights to Mr Bourne.

Disclosure Requirements

Pursuant to and in accordance with ASX Listing Rules 7.3 and 10.15, the following information is provided in relation to the issue of the Consideration Shares and Performance Rights in accordance with Resolution 1:

- (a) the maximum number of securities to be issued is 394,000,000 Shares and 18,500,000 Performance Rights (on a post-Consolidation basis);
- (b) 162,500,000 Shares will be issued no later than 3 months 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 allotment will occur on the same date;
- (c) 18,500,000 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 allotment will occur on the same date;
- (d) 115,750,005 Shares will be issued upon the execution of a lease with EBAC at Commercial Road, Morwell, Victoria and a site services deed with EBAC for the supply of services, including making available infrastructure to enable the construction, operation and maintenance of the Demonstration Plant. These Shares will be issued no later than 3

months 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 allotment will occur on the same date;

- (e) 115,749,495 Shares will be issued upon the award of a government grant under a current joint Commonwealth and Victorian government initiative. These Shares will be issued no later than 3 months 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 allotment will occur on the same date;
- (f) the Consideration Shares and Performance Rights will be issued for nil cash consideration for the acquisition of Exergen. Accordingly, no funds will be raised from their issue;
- (g) the Consideration Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares (and will rank equally with the Company's existing Shares);
- (h) the Performance Rights will be issued on the terms and conditions set out in Schedule 1; and
- (i) the Consideration Shares will be issued to the Vendors (none of which are related parties of the Company, other than as a result of the Acquisition); and
- (j) the Performance Rights will be issued to Mr Trevor Bourne (a potential executive Director of the Company upon completion of the Acquisition) in his capacity as a Vendor.

2.6 Item 7 of Section 611 of the Corporations Act

Resolution 1 also seeks Shareholder approval, for the purpose of Item 7 of Section 611 of the Corporations Act, to allow the Company to issue and allot part of the Consideration Shares to Elphinstone and Albrecht (**Majority Shareholders**), which will result in the Majority Shareholder's voting power in the Company being approximately:

- (a) Elphinstone – 22.86%; and
- (b) Albrecht – 23.66%.

The Consideration Shares proposed to be issued to the Majority Shareholders form part of the total number of Consideration Shares proposed to be issued to Exergen shareholders pursuant to the Agreement.

Section 606 of the Corporations Act – Statutory Prohibition

Pursuant to Section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point that is above 20% and below 90% (**Prohibition**).

Voting Power

The voting power of a person in a body corporate is determined in accordance with Section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

Associates

For the purposes of determining voting power under the Corporations Act, a person (**second person**) is an "associate" of the other person (**first person**) if:

- (a) (pursuant to Section 11 of the Corporations Act) the primary person is a body corporate and the second person is:
 - (i) a director or secretary of the body;
 - (ii) a related body corporate; or
 - (iii) a director or secretary of a related body corporate,
- (b) (pursuant to Section 12(2) of the Corporations Act) the first person is a body corporate and the second person is:
 - (i) a body corporate the first person controls;
 - (ii) a body corporate that controls the first person; or
 - (iii) a body corporate that is controlled by an entity that controls the person;
- (c) the second person has entered or proposed to enter into a relevant agreement with the first person for the purpose of controlling or influencing the composition of the company's board or the conduct of the company's affairs; or
- (d) the second person is a person with whom the first person is acting or proposed to act, in concert in relation to the company's affairs.

Relevant Interests

Section 608(1) of the Corporations Act provides that a person has a relevant interest in securities if they:

- (a) are the holder of the securities;
- (b) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
- (c) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

In addition, Section 608(3) of the Corporations Act provides that a person has a relevant interest in securities that any of the following has:

- (a) a body corporate in which the person's voting power is above 20%;
- (b) a body corporate that the person controls.

No associates of either of the Majority Shareholders currently have or will have a relevant interest in the Company.

Reason Section 611 Approval is Required

Item 7 of Section 611 of the Corporations Act provides an exception to the Prohibition, whereby a person may acquire a relevant interest in a company's voting shares with shareholder approval.

Shareholder approval under Item 7 of Section 611 of the Corporations Act is required for Resolution 1.

Relevant Interest Greater than 20%

Following the issue of the Consideration Shares:

- (a) Elphinstone will hold a total of 105,328,152 Shares, giving them voting power of approximately 22.86%; and
- (b) Albrecht will hold a total of 109,022,805 Shares, giving them voting power of approximately 23.66%.

This assumes that no other Shares are issued other than those contemplated by this Notice (including all 231,500,000 Deferred Consideration Shares and 18,500,000 Shares upon conversion of the Performance Rights). In the event that additional Shares are issued to parties other than the Majority Shareholders, these holdings will be diluted.

In the event that the milestones set out in Section 1.6 are not met, Elphinstone will have a relevant interest in 44,332,909 Shares (being a voting power of approximately 20.13%) and Albrecht will have a relevant interest in 45,887,995 Shares (being a voting power of approximately 20.84%).

Prescribed Information – ASIC Regulatory Guide

The following information is required to be provided to Shareholders under the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining approval for Item 7 of Section 611 of the Corporations Act. Shareholders are also referred to the Independent Expert's Report prepared by RSM Bird Cameron annexed to this Explanatory Statement.

(a) **Identity of the Acquirer and its Associates**

- (i) It is proposed that Elphinstone will be issued and allotted 107,490,253 of the Consideration Shares in accordance with the terms of the Agreement and for the reasons set out in Section 1.1 of this Explanatory Statement.
- (ii) It is proposed that Albrecht will be issued and allotted 111,260,738 of the Consideration Shares in accordance with the

terms of the Agreement and for the reasons set out in Section 1.1 of this Explanatory Statement.

(b) **Relevant Interest and Voting Power**

The effect of the relevant interests and voting power of the Majority Shareholders pursuant to the proposed issue and allotment of the Consideration Shares is set out in detail in the following table:

	Completion of the Acquisition		Satisfaction of deferred consideration milestones	
	Shares	%	Shares	%
Elphinstone	44,332,909	20.13	107,490,253	22.86
Albrecht	45,887,995	20.84	111,260,738	23.66
Non associated	131,774,665	59.03	253,244,553	53.48
Total	221,995,586¹	100%	471,995,586²	100%

Notes:

¹ Total of all the Shares in the Company at the completion of the Acquisition, the Consolidation and assuming all Shares proposed to be issued as a result of the passing of Resolutions 1, 3 (assuming only minimum subscription under the Placement is met), 5, 6, 7 and 8 are issued and allotted.

² Total of all the Shares in the Company upon satisfaction of milestones for the issue of the Deferred Consideration Shares and upon conversion of the Performance Rights and assuming all Shares proposed to be issued as a result of the passing of Resolutions 1, 3 (assuming only minimum subscription under the Placement is met), 5, 6, 7 and 8 are issued and allotted.

Further details on the voting power of the Majority Shareholders are set out in the Independent Expert's Report prepared by RSM Bird Cameron.

(c) **Majority Shareholder's Intentions**

Other than as disclosed elsewhere in this Explanatory Statement and following completion of the Acquisition, the Company understands that the Majority Shareholders (or any of their associates):

- (i) have no present intention of making any significant changes to the business of the Company;
- (ii) have no present intention to inject further capital into the Company;
- (iii) have no present intention of making changes regarding the future employment of the present employees of the Company;
- (iv) do not intend to redeploy any fixed assets of the Company;
- (v) do not intend to transfer any property between the Company and the Majority Shareholders or any of their associates; and

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- (vi) have no intention to change the Company's existing policies in relation to financial matters or dividends.

These intentions are based on information concerning the Company, its business and the business environment which is known to the Majority Shareholders and their associates at the date of this Notice.

These present intentions may change as new information becomes available, as circumstances change or in the light of all material information, facts and circumstances necessary to assess the operational, commercial, taxation and financial implications of those decisions at the relevant time.

(d) **Particulars of Proposed Allotment**

Particulars relating to the proposed issue and allotment of the Consideration Shares are set out in Sections 1 and 2 of this Explanatory Statement.

(e) **Date of Proposed Allotment**

The Consideration Shares the subject of Resolution 1 will be issued on a date after the Meeting to be determined by the Company in accordance with the Agreement, ASX Listing Rules and Corporations Act.

(f) **Reason for the Proposed Allotment**

The Consideration Shares will be issued pursuant to the Agreement for the reasons set out in Sections 1 and 2 of this Explanatory Statement.

(g) **Interests and Recommendations of Directors**

The Directors do not have an interest in the outcome of Resolution 1 and recommend that Shareholders approve Resolution 1.

(h) **Capital Structure**

The capital structure of the Company will not be affected by the issue of the Consideration Shares pursuant to Resolution 1 other than as noted in Section 3.6 of this Explanatory Statement.

2.7 **Advantages of the Acquisition**

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on Resolution 1:

- (a) provides existing Shareholders with the opportunity to realise value for their Shares while obtaining the opportunity to create liquidity in the Shares which presently does not exist;
- (b) completion of the Acquisition will provide Shareholders with the opportunity to be involved in a Company that:
- (i) holds a patented clean coal technology that provides an opportunity to re-shape the use of low rank coal resources in ways that are more efficient, affordable, and protective of the environment;

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- (ii) has a business plan and strategy to participate in fast-growing Asian markets such as India, where demand for thermal coal imports for power generation is growing at around 9% annually;
 - (iii) has a globally respected existing shareholder base capable of aiding the Company in completing its objectives;
 - (iv) has an opportunity to develop a number of commercial pathways in order to provide value to its Shareholders; and
 - (v) has an experienced management team with strong technical experience and know-how with a proven record of developing start up enterprises;
- (c) the issue of Consideration Shares will enable the Company to complete the Company's obligations under the Agreement and will not require renegotiation of its terms;
 - (d) successful completion of the Acquisition will enable the Company to meet the re-listing requirements imposed by ASX on the Company, allowing the Company's shares to trade on the ASX; and
 - (e) RSM Bird Cameron has concluded that the issue of the Consideration Shares is **fair and reasonable** to the non-associated Shareholders.

2.8 Disadvantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on Resolution 1:

- (a) opportunity costs associated with the Company being offered a more attractive acquisition by not acquiring Exergen;
- (b) the issue of the Consideration Shares to the Majority Shareholders will result in them having voting powers of approximately:
 - (i) Elphinstone – 22.86%; and
 - (ii) Albrecht – 23.66%,reducing the voting power of non-associated Shareholders in aggregate from 100% to 53.48%; and
- (c) there is no guarantee of the value of the Company's Shares upon completion of the Acquisition.

2.9 Key Risk Factors

Below is a list of the key risk factors which will be faced by the Company upon completion of the Acquisition.

- (a) **Scale-up Risk**

Having proven its CHTD technology at its 4tph pilot plant in Beaconsfield, Tasmania, Exergen now proposes to scale its technology to 50 tph at its proposed Demonstration Plant. Assuming that the scale-up of the CHTD technology at the Demonstration Plant is successful,

Exergen proposes that the next step will be a 500 tph commercial scale model that can then be replicated for the large-scale production capacities required to support a viable export model.

In this regard, there is a risk that operations at the Demonstration Plant fail to prove the CHTD and supporting technologies on a demonstration scale resulting in the CHTD technology not being economically viable or needing to be further developed in order to be economically viable.

In order to mitigate this risk to the extent possible, the Company intends to retain Sedgman (in relation to design and operate the Demonstration Plant) and Thies (in relation to construction of the Demonstration Plant).

(b) **Demonstration Plant Construction Risk**

In order to prove the CHTD technology on a demonstration scale, the Company will need to construct and operate the Demonstration Plant. As referred to earlier, construction of the Demonstration Plant will require significant capital expenditure and time.

The Company is exposed to the risk that construction of the proposed Demonstration Plant runs over budget, which would require the Company to seek additional funding and could result in substantial delays to completion of the proposed Demonstration Plant. In addition, delays in procuring necessary environmental permits in respect of construction of the Demonstration Plant may also delay construction.

Exergen will seek to mitigate this risk by:

- (i) engaging experienced contractors for construction and operation of the Demonstration Plant (which include disincentives in the event of failure to complete within budget);
- (ii) engaging early with relevant government departments with a view to minimise any delays in being granted the necessary approvals; and
- (iii) including significant cost overrun contingencies in the construction budget for the proposed Demonstration Plant.

(c) **Commercialisation and Demand Risk**

There is a risk that the Company may fail to develop coal products that meet specific customer requirements. In this regard:

- (i) the development of DICE fuel may be unsuccessful;
- (ii) the development of CHTD briquettes may be unrealised;
- (iii) the Company may face an inability to produce a stabilised slurry product that is shippable; and
- (iv) there may be an inability to develop technology integration solutions for CHTD.

Further, while Exergen has engaged with a number of parties in respect of agreements to ensure that it has a viable customer base for its proposed products, there can be no guarantee that those parties will

continue to have a demand for coal (or other minerals) which have been treated using the CHTD technology. Any decrease in the demand for minerals treated using the CHTD technology will have a negative effect on the prospects of the Company.

As set out above, Exergen has engaged experienced third parties for the purpose of constructing and operating the Demonstration Plant and has vigorously tested the CHTD technology and its application to the various commercial pathways set out above. As such, Exergen considers that it has mitigated this risk to the maximum extent possible.

Exergen has mitigated the commercialisation risks by developing multiple product pathways, and multiple offtakers, including cornerstone shareholders Tata and Itochu, with different product needs. Exergen has also engaged with multiple technology development partners which are owners of back-end coal technologies, to co-develop marketable products.

(d) **Operational Risk**

There is a risk that there may be issues in the operation of the Demonstration Plant. In this regard, there is a risk that:

- (i) a blockage in the Demonstration Plant autoclave may occur due to loss of flow to the autoclave or oversize particles entering the autoclave; or
- (ii) a catastrophic failure of the autoclave vessel due to the operating conditions of the autoclave exceeding design limits.

The proposed autoclave has been designed with a number of features to prevent oversized particles from entering and has back up pumps with an independent power source to circulate water in the event of loss of flow. In addition, the autoclave is designed to operate within the design specifications. In this regard, multiple measures are in place to prevent excess temperature and pressure build up, including relief valves, and oxygen injection interlocking. Further, Exergen has chosen Sedgman to be plant operator, and Sedgman is highly regarded and experienced in this field.

However, while Exergen has taken these matters into account in developing the CHTD technology to date, there is a risk that these circumstances may require the Company to further develop the CHTD technology to ensure that it is and has the potential to remain economically viable.

(e) **Additional requirements for capital**

Additional funding will be required for construction of the proposed Demonstration Plant, to effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur.

The Company may seek to raise further funds through equity or debt financing, joint ventures, production sharing arrangements or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite

postponement of construction of the Demonstration Plant, development or production on the Company's properties or even loss of a property interest. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

In order to mitigate this risk, Exergen has engaged RFC Ambrian as its financial advisor to assist in fund raising. However, the appointment of a financial adviser does not guarantee that the required funding will be available on terms acceptable to the Company, or at all. In addition, Exergen has entered into agreements with its Cornerstone Investors (as set out in Section 1.5) who have agreed to make further investment in Exergen (or the Company upon completion of the Acquisition and readmission of the Company to trading on ASX) upon receipt of a notice to proceed with construction of the Demonstration Plant.

(f) **Suspension and re-quotations of Shares on ASX**

The Acquisition constitutes a significant change in the nature and scale of the Company's activities and the Company is required to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the Official List of ASX.

Trading in the Company's securities will continue to be suspended until the Company satisfies the requirements of Chapters 1 and 2 of the ASX Listing Rules in accordance with ASX Listing Rule 11.1.3. It is anticipated that this will occur on or around the end of August 2013 which is anticipated by the Company to be when the issue of Shares under the Placement is completed. **If Shareholders do not approve the Acquisition and the Acquisition does not complete, the Company's Shares will continue to be suspended from trading on the ASX resulting in the Shares remaining untradeable on a stock market.**

(g) **Environmental**

The proposed operations and activities of the Company are subject to State and Federal laws and regulations concerning the environment. In this regard, the Company's activities (including construction and operation of the Demonstration Plant) are expected to have an impact on the environment. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

The Company considers environmental matters to be of low risk on the basis that the Demonstration Plant is to be constructed on an existing industrial site close to coal powered power stations, coal processing facilities and coal mines. In addition, Exergen has engaged with the relevant government authorities for an extended period to facilitate the timely grant of the required environmental permits and approvals. Exergen's intention is to appoint Sedgman Yeats to assist in securing the necessary environmental permits and approvals. However, there can be no guarantee that the necessary permits and approvals will be granted to the Company in a timely manner, if at all.

(h) **Technology and Intellectual Property**

The Company's success will depend, in part, on its ability to maintain trade secret protection and operate without infringing the proprietary rights of third parties or having third parties circumvent the Company's rights. No guarantee can be given that such protection will be successfully and validly maintained by the Company.

The Company's commercial success depends in part on its ability to protect its intellectual property assets. The commercial value of these assets is dependent on legal protections provided by a combination of copyright, patent, confidentiality, trade mark, trade secrecy laws and other intellectual property rights. These legal mechanisms, however, do not guarantee that the intellectual property will be protected or that the commercial value of the Company's intellectual property assets will be maintained.

The Company intends to continually evaluate its intellectual property and undertake steps to continually protect its proprietary intellectual property rights and undertake formal registration of them as and when appropriate and, at present Exergen maintains an intellectual property sub-committee to focus on protection of its intellectual property rights. However, there can be no assurance at any time that:

- (i) any such rights can be formally established;
- (ii) the measures taken will be adequate to protect its proprietary technology;
- (iii) any intellectual property rights will provide it with any competitive advantages and will not be challenged by third parties; and
- (iv) the rights of others will not materially adversely affect the Company's ability to do business, its financial condition and the results of its operations (and therefore impact on the future viability and profitability of the Company).

While Exergen believes that it has taken appropriate steps to protect its proprietary rights to date, the law may not adequately protect these rights in all places where Exergen and upon completion of the Acquisition, the Company, does business, or enable the same rights to be defended sufficiently to avoid adverse material impact on operations.

(i) **Reliance on Key Management**

The responsibility of overseeing the day to day operations and the strategic management of the Company will depend substantially, at least in the initial stages, on the incoming proposed directors and management. There can be no assurance given that there will be no detrimental impact on the Company if one or more of the proposed directors or other senior executives cease their employment.

(j) **Coal**

While the Company's CHTD technology is applicable to minerals other than coal, due to the proposed business plan adopted by the

Company upon completion of the Acquisition, changes in the market price of coal may affect the Company's Share price and profitability in the future. The Company's present business plan and future revenues, profitability and viability depend to an extent on the market price of and demand for coal. The market price of coal is set in the world market and is affected by numerous industry factors beyond the Company's control including demand, expectations with respect to the rate of inflation, interest rates, currency exchange rates, inventories, cost of substitutes, changes in global or regional investment or consumption patterns, speculators and global and regional political and economic factors.

A substantial decline in the market price of coal for any sustained period may have a material adverse impact on the Company's Share price and anticipated future operations. Such a decline also could have a material adverse impact on the ability of the Company to finance construction of the Demonstration Plant and the Commercial Plant.

(k) **Competition risk**

The industry in which the Company will be involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

The Company intends to operate in an industry that relies on accurate and innovative products. Technology changes occur rapidly, and there is a risk that the services provided and products to be produced by the Company may become technically inferior to other services and products available in the market.

Additionally, the development and commercialisation of new technologies that are more cost efficient than the CHTD technology or offer greater variety in services and products than those of the Company, could place the Company at a competitive disadvantage.

(l) **Economic**

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

(m) **Force Majeure**

The Company's facilities may be vulnerable to, among other factors, interruptions caused by system failures, power losses, fire, malicious damage, natural disasters and other events beyond the Company's control. Any interruption in the operation of this equipment or damage to facilities may have an adverse impact on current and future operations and the financial condition of the Company.

(n) **Government policy changes**

Adverse changes in government policies or legislation may affect ownership of mineral interests, taxation, royalties, land access, labour relations, and development and construction activities of the Company. It is possible that current governmental policies may change, resulting in impairment of rights in relation to the Company's proposed future activities.

(o) **Regulatory Conditions**

Changes in relevant taxes (including GST and excise), legal and administrative regimes and government policies both in Australia and overseas may adversely affect the financial performance of the Company.

Any change to the current rate of company income tax in jurisdictions where the Company intends on operating may impact on Shareholder returns. Any change to the current rates of income tax applying to individuals, companies and trusts may similarly impact on returns to Shareholders.

(p) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

2.10 Independent Expert's Report

The Independent Expert's Report assesses whether the issue of the Consideration Shares outlined in Resolution 1 is fair and reasonable to the Shareholders who are not associated with the Majority Shareholders.

The Independent Expert's Report also contains an assessment of the advantages and disadvantages of the proposed issue and allotment of the Consideration Shares the subject of Resolution 1. This assessment is designed to assist all Shareholders in reaching their voting decision.

The Independent Expert has provided the Independent Expert's Report and has provided an opinion that it believes the proposal as outlined in Resolution 1 and, on balance, **IS FAIR AND REASONABLE** to the Shareholders of the Company not associated with the Majority Shareholders. It is recommended that all Shareholders read the Independent Expert's Report in full.

The Independent Expert's Report is enclosed with this Notice of Meeting.

2.11 Directors Recommendations

- (a) The Directors unanimously recommend that Shareholders vote in favour of Resolution 1 for the reasons set out in Section 2.7 above.
- (b) The Directors are not aware of any other information other than as set out in this Notice of Meeting that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 1.

3. RESOLUTION 2 – CONSOLIDATION OF CAPITAL

3.1 Background

If Resolution 2 is passed and excluding any Shares issued pursuant to the other Resolutions, the number of Shares on issue will be reduced from 85,393,158 (assuming full subscription of the Initial Capital Raising) to 42,696,579 subject to rounding).

3.2 Legal requirements

Section 254H of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its Shares into a larger or smaller number.

3.3 Fractional entitlements

Not all Shareholders will hold that number of Shares which can be evenly divided by 2. Where a fractional entitlement occurs, the Company will round that fraction up to the nearest whole Share.

3.4 Taxation

It is not considered that any taxation implications will exist for Shareholders arising from the Consolidation. However, Shareholders are advised to seek their own tax advice on the effect of the Consolidation and that the Company does not accept any responsibility for the individual taxation implications arising from the Consolidation.

3.5 Holding statements

From the date of the Consolidation, all holding statements for Shares will cease to have any effect, except as evidence of entitlement to a certain number of Shares on a post-Consolidation basis.

After the Consolidation is effected, the Company will arrange for new holding statements for Shares to be issued to holders of those Shares.

It is the responsibility of each Shareholder to check the number of Shares held prior to disposal or exercise (as the case may be).

3.6 Effect on capital structure

The effect which the Consolidation will have on the Company's capital structure is set out in the table below.

Capital Structure	Shares
Existing shares on issue	45,393,158
Initial Capital Raising ¹	40,000,000
<u>Sub-total</u>	<u>85,393,158</u>
Post 1 for 2 Consolidation of Shares (Resolution 2)	42,696,579
Issue of shares under Placement (Resolution 3) ²	25,000,000
Consideration shares (Resolution 1)	162,500,000
Deferred Consideration Shares (Resolution 1) ³	231,500,000
Shares to be issued upon conversion of Performance Rights ⁴	18,500,000
Shares to be issued pursuant to Resolutions 5 to 8 inclusive ⁵	1,799,007
Completion of all Resolutions	481,995,586

1. This assumes that all 40,000,000 Shares under the Initial Capital Raising will be placed.
2. This assumes that the Placement is fully oversubscribed.
3. This assumes that both of the milestones for the issue of the Deferred Consideration Shares are met.
4. This assumes that both of the milestones for conversion of the Performance Rights are met.
5. Assuming that completion of the Acquisition occurs on 31 August 2013. In the event that completion occurs earlier than this, less Shares will be issued and if completion occurs later than this, additional Shares will be issued (see Section 6.2).

3.7 Indicative timetable

If Resolution 2 is passed, the Consolidation will take effect in accordance with the following timetable (as set out in Appendix 7A (paragraph 5) of the ASX Listing Rules):

Action	Date
Company announces Consolidation and dispatches Notice of Meeting.	16 May 2013
Company tells ASX that Shareholders have approved the Consolidation.	15 August 2013
Last day for pre-Consolidation trading.	16 August 2013
Post-Consolidation trading starts on a deferred settlement basis.	19 August 2013
Last day for Company to register transfers on a pre-Consolidation basis.	23 August 2013
First day for Company to send notice to each holder of the change in their details of holdings.	26 August 2013
First day for the Company to register Shares on a post-Consolidation basis and first day for issue of holding statements.	
Dispatch date. Deferred settlement market ends.	30 August 2013
Last day for Shares to be entered into holders' Security holdings.	
Last day for the Company to send notice to each holder of the change in their details of holdings.	

4. RESOLUTION 3 – SHARE PLACEMENT

4.1 General

Resolution 3 seeks Shareholder approval for the issue of 15,000,000 Shares at an issue price of \$0.20 per Share to raise a minimum of \$3,000,000 plus oversubscriptions of a further 10,000,000 Shares to raise a further \$2,000,000 (**Placement**).

The Company has not yet engaged a broker for the Placement but anticipates doing so. Any broker engaged in respect of the Placement will be engaged on standard market rates and will be fully disclosed in the prospectus for the Placement.

A summary of ASX Listing Rule 7.1 is set out in Section 2.3 above.

The effect of Resolution 3 will be to allow the Company to issue the Shares pursuant to the Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

4.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Placement:

- (a) the maximum number of Shares to be issued is 25,000,000;
- (b) the Shares will be issued no later than 3 months 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);
- (c) the issue price will be \$0.20 per Share;
- (d) the Directors and proposed broker of the Placement will determine to whom the Shares will be issued but these persons will not be related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the Placement towards re-complying with Chapters 1 and 2 of the ASX Listing Rules, satisfying any outstanding conditions precedent to the Acquisition and for general working capital.

5. RESOLUTION 4 – CHANGE OF COMPANY NAME

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name.

Resolution 4 seeks the approval of Shareholders for the Company to change its name to Exergen Limited.

If Resolution 4 is passed the change of name will take effect following completion of the Acquisition and when ASIC alters the details of the Company's registration.

If Resolution 4 is passed, the Company will lodge a copy of the special resolution with ASIC on completion of the Acquisition in order to effect the change.

The Board proposes this change of name on the basis that following completion of the Acquisition will more accurately reflect the future operations of the Company.

6. RESOLUTIONS 5-8 – ISSUES OF SHARES TO RELATED PARTIES

6.1 General

Pursuant to the Agreement, the Company must discharge all debts to existing creditors, including:

- (a) outstanding payments to Messrs Wayne Johnson, Michael Higginson and Joseph Cornelius (or their nominees) for the period ending 31 December 2012 in respect of unpaid director fees and expenses totalling \$455,602.70 (**2012 Payments**);
- (b) the 2013 Fees; and
- (c) a sum of \$220,000 to be paid to the current Directors in the manner set out below for securing the transaction and performing the substantive additional services required to implement and manage the Acquisition through to completion (**Transaction Payment**).

In order to maintain a greater proportion of the Company's cash, the Company and Directors have agreed, subject to obtaining Shareholder approval, to make 50% of the payments set out above in Shares, and the remaining 50% in cash.

In this regard, the Company has agreed, subject to obtaining Shareholder approval, to issue and allot a total of 1,689,007 Shares as well as sufficient Shares to satisfy the Share portion of the 2013 Fees (**Related Party Shares**) to the Related Parties on the terms and conditions set out below. In the event that Shareholder approval is not obtained, the Related Parties will forfeit their right to 50% of the payments to which they would otherwise be entitled.

It is proposed that each Related Party will be allotted and issued the following number of Shares in satisfaction of 50% of the 2012 Payment and 50% of the Transaction Payment owed to each of them in the following proportions:

Related Party	2012 Payments	Transaction Payment	Value of Share portion of payment	Number of Shares @ \$0.20 per Share
Wayne Johnson	\$85,336.39	\$100,000	\$92,668.20	463,341
Michael Higginson	\$52,199.04	\$100,000	\$76,099.52	380,498
John Georgiopoulos	Nil	\$20,000	\$10,000	50,000
Joseph Cornelius	\$318,067.27	Nil	\$159,033.63	795,168
TOTAL	\$455,602.70	\$220,000	\$337,801.35	1,689,007

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In addition, the Company will pay 50% of the 2013 Fees by way of an issue of Shares at a deemed issue price of \$0.20 per Share.

The issue of the Related Party Shares and making the Transaction Payment constitutes giving a financial benefit. Further, ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

Messrs Wayne Johnson, Michael Higginson and John Georgiopoulos or their nominees are related parties of the Company by virtue of being Directors and Mr Joseph Cornelius is a Related Party by virtue of being a Director in the past 6 months.

It is the view of the Company that making the 2012 Payments and the Transaction Payment and paying the 2013 Fees is reasonable remuneration of the Directors (as applicable) and Mr Cornelius and, as such, Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required. However, no exceptions set out in ASX Listing Rule 10.12 apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of Related Party Shares to the Related Parties.

Resolutions 5 to 8 (inclusive) seek Shareholder approval for the issue of the Related Party Shares to Messrs Wayne Johnson, Michael Higginson, John Georgiopoulos and Joseph Cornelius (or their respective nominees).

6.2 Shareholder Approval (ASX Listing Rule 10.11)

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of Related Party Shares:

- (a) the related parties are Messrs Wayne Johnson, Michael Higginson and John Georgiopoulos and they are related parties by virtue of being Directors and Mr Joseph Cornelius, who is a related party by virtue of being a Director in the past 6 months;
- (b) the number of Related Party Shares (being the nature of the financial benefit being provided) to be issued to the Related Parties is:

Related Party	Share portion of 2012 Payments	Share portion of Transaction Payment	Total Related Party Shares to be issued ¹
Wayne Johnson	213,341	250,000	463,341
Michael Higginson	130,498	250,000	380,498
John Georgiopoulos	Nil	50,000	50,000
Joseph Cornelius	795,168	Nil	795,168
TOTAL	1,139,007	550,000	1,689,007

Note:

- 1 The Company will also be required to issue Shares to the Directors for the 2013 Fees up until Completion (at a rate of \$2,000 per month per

Director, provided that John Georgiopoulos was not entitled to fees for January and February of 2013). The number of Shares to be issued to the Directors in respect of the 2013 Fees in the event that completion of the Acquisition occurs at various times is set out in the table below:

Date of Completion	2013 Fees payable to Directors	Cash portion of 2013 Fees	Share portion of 2013 Fees @ \$0.20 per Share
31 July 2013	\$38,000	\$19,000	95,000
31 August 2013	\$44,000	\$22,000	110,000
30 September 2013	\$50,000	\$25,000	125,000
31 October 2013	\$56,000	\$28,000	140,000
30 November 2013	\$62,000	\$31,000	155,000
31 December 2013	\$68,000	\$34,000	170,000

It is anticipated that completion of the Acquisition will occur around 31 August 2013.

- (c) the Related Party Shares will be granted to the Related Parties no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Related Party Shares will be issued on one date;
- (d) the Related Party Shares will be granted for nil cash consideration, accordingly no funds will be raised;
- (e) the Related Party Shares will be fully paid ordinary shares in the capital of the Company at a deemed issue price of \$0.20 per Share;

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Shares to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Related Party Shares to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

7. RESOLUTION 9 – ADOPTION OF PERFORMANCE RIGHTS PLAN

Resolution 9 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 9 is passed, the Company will be able to issue Performance Rights under the Performance Rights 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.

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No Performance Rights have previously been issued under the Performance Rights Plan.

It is considered by the Directors that the adoption of the Performance Rights Plan and the future issue of Performance Rights under the Performance Rights Plan will provide selected employees and directors with the opportunity to participate in the future growth of the Company.

A summary of the terms and conditions of the Performance Rights Plans is set out in Schedule 2. In addition, a copy of the Performance Rights Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. Shareholders are invited to contact the Company if they have any queries or concerns.

Any future issues of Performance Rights under the Performance Rights Plans 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.

GLOSSARY

\$ means Australian dollars.

2013 Fees means any and all fees, salaries, expenses and entitlements owed to the Directors for the period commencing 1 January 2013 and ending on the date of completion of the Acquisition, by virtue of them being Directors of the Company, being calculated on the basis of \$2,000 per month (exclusive of GST) which shall accrue monthly and is payable monthly in arrears.

Acquisition has the meaning given to that term in Section 1.6.

Agreement has the meaning given to that term in Section 1.6.

Albrecht means Mr Martin Albrecht, a founding shareholder of Exergen (or his nominee).

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

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.

CHTD means the process of continuous hydrothermal dewatering.

Closely Related Party means 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) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company or **Cape Range** means Cape Range Ltd (ACN 009 289 481).

Consideration Shares has the meaning given to that term in Section 1.6.

Consolidation has the meaning given to that term in Section 1.6.

Constitution means the Company's constitution.

Cornerstone Investors means Itochu, Thies, Sedgman and Tata.

Corporations Act means the Corporations Act 2001 (Cth).

Deferred Consideration Shares has the meaning given to that term in Section 1.6.

Demonstration Plant has the meaning set out in Section 1.4(a).

Directors means the current directors of the Company.

EBAC means Energy Brix Australia Corporation Pty Ltd (ACN 074 736 833).

Elphinstone means Mr Dale Elphinstone, a founding shareholder of Exergen (or his nominee).

EST means Eastern Standard Time as observed in Melbourne, Australia.

Exergen means Exergen Pty Ltd (ACN 099 189 321).

Explanatory Statement means the explanatory statement accompanying the Notice.

GAR means gross as received.

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

Independent Expert means RSM Bird Cameron.

Independent Expert's Report means the report prepared by the Independent Expert in relation to Resolution 1.

Initial Capital Raising means the capital raising being conducted by the Company pursuant to the Agreement to raise up to \$2,000,000 through the issue of 40,000,000 Shares on a pre Consolidation basis at an issue price of \$0.05 per Share.

Itochu means Itochu Coal Resources Australia Pty Ltd (ACN 072 596 733).

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.

MC means moisture content.

Notice or **Notice of Meeting** means this notice of meeting including the Independent Expert's Report, the Explanatory Statement and the Proxy Form.

Official List means the official list of ASX.

Option means an option to acquire a Share.

Performance Rights means the performance rights to be issued to Mr Trevor Bourne pursuant to the Agreement on the terms set out in Schedule 1.

Performance Rights Plan means the performance rights plan to be adopted by the Company pursuant to Resolution 9, the terms of which are summarised in Schedule 2.

PF Boiler means a pulverised fuel boiler.

Placement has the meaning given to that term in Section 4.1.

Proxy Form means the proxy form accompanying the Notice.

Related Parties means Messrs Michael Higginson, Wayne Johnson, John Georgiopoulos and Joe Cornelius (as relevant).

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

ROM Coal means run of mine coal.

RSM Bird Cameron means RSM Bird Cameron Corporate Pty Ltd (ACN 050 508 024).

Section means a section of the Explanatory Statement.

Sedgman means Sedgman Limited (ACN 088 471 667)

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

Shareholder means a holder of a Share.

Tata means The Tata Power Company Limited (a company incorporated in India).

Thiess means Thiess Pty Ltd (ACN 010 221 486).

Vendors has the meaning given to that term in Section 1.6.

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

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SCHEDULE 1 – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS

The terms and conditions of the Performance Rights are set out below:

- (a) **(Right):** Each Performance Right is a right to acquire a single Share, free of encumbrances.
- (b) **(Renunciation):** Upon receipt of an offer, the holder of the Performance Right may nominate an associate in whose favour the holder of the Performance Right wishes to renounce the offer. The Board may in its discretion resolve not to allow such a renunciation.
- (c) **(Vesting):** Subject to the rules (g) and (h), a Performance Right granted will not vest unless the vesting conditions set out in rule (d) have been satisfied or waived and the Board has notified the holder of that fact.
- (d) **(Vesting Conditions):** The Performance Rights are subject to the following Vesting Conditions:
- (i) 50% of the Performance Rights shall vest upon the execution of a lease with EBAC at Commercial Road, Morwell, Victoria and a site services deed with EBAC for the supply of services, including making available infrastructure to enable the construction, operation and maintenance of the Demonstration Plant; and
 - (ii) 50% of the Performance Rights shall vest upon the award of a government grant under a current joint Commonwealth and Victorian government initiative,

(Vesting Conditions).

The Board must notify the holder in writing within 10 Business Days of becoming aware that any Vesting Condition attaching to a Performance Right has been satisfied.

- (e) **(Expiry Date):** The Performance Rights shall expire at 5.00 pm (WST) on that date which is 24 months after the date of issue of the Performance Rights (if it has not otherwise vested or lapsed) **(Expiry Date)**. Any Performance Right not vested before the Expiry Date shall automatically lapse on the Expiry Date and the holder shall have no entitlement to Shares pursuant to those Performance Rights.
- (f) **(Consideration):** The Performance Rights will be issued for nil cash consideration as they form part of the consideration for the Acquisition and no consideration will be payable upon the vesting of the Performance Right or the issue of Shares.
- (g) **(Change in Control and Winding Up):** Any unvested Performance Rights will vest within 10 Business Days of:
- (i) a change of control occurring; or
 - (ii) the Company passing a resolution for voluntary winding up or where an order is made for the compulsory winding up of the Company,

in which case the Board must promptly notify the holder of the vested Performance Rights in writing.

- (h) **(Good Leaver Exception):** The Board may in its discretion determine that all or a specified number of unvested Performance Rights vests where a Performance Right holder ceases to be an employee as a result of:

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- (i) death or total or permanent disability;
 - (ii) retirement or redundancy;
 - (iii) severe financial hardship;
 - (iv) death of an immediate family member;
 - (v) substantial change in circumstances; or
 - (vi) terminal illness of the eligible participant,

(Good Leaver Exception).

Such a determination shall be made within 10 Business Days of the holder ceasing to be an employee.

- (i) **(Lapse of an unvested Performance Right):** A Performance Right that has not vested will lapse upon the earlier to occur of:
 - (i) an unauthorised dealing in, or hedging of the Performance Right occurring;
 - (ii) a Vesting Condition not being satisfied by the due date or becoming incapable of satisfaction;
 - (iii) the holder ceasing to be an employee, subject to rule (h);
 - (iv) the Performance Right lapsing following a change in control or winding up resolution or order;
 - (v) a determination of the Board that the Performance Right is to lapse where the holder:
 - (A) in the opinion of the Board acts fraudulently or dishonestly or is grossly negligent, demonstrates serious or wilful misconduct or causes a material adverse effect on the reputation of the Company;
 - (B) has his or her employment terminated due to serious or wilful misconduct or otherwise for cause without notice; or
 - (C) becomes ineligible to hold his or her office due to Part2D.6 of the Corporations Act;
 - (vi) the Expiry Date; or
 - (vii) the 7 year anniversary of the date of grant of the Performance Rights.
- (j) **(Issue of Shares):** Subject to the Corporations Act and the ASX Listing Rules the Company must issue to the holder or his or her representative the number of Shares the holder is entitled to be issued in respect of the vested Performance Rights within 10 Business Days of the Performance Rights vesting.
- (k) **(Share ranking):** All Shares issued upon the vesting of Performance Rights will upon issue rank equally in all respects with other Shares.
- (l) **(Listing of Shares on ASX):** The Company will not apply for quotation of the Performance Rights on ASX. However, the Company will apply for quotation of all Shares issued pursuant to the vesting of Performance Rights on ASX within 10 Business Days after the date of issue of those Shares.

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- (m) **(Transfer of Performance Rights):** A Performance Right is only transferable:
 - (i) with the consent of the Board; or
 - (ii) by force of law upon death to the holder's legal personal representative or upon bankruptcy to the holder's trustee in bankruptcy.
 - (n) **(Hedging of Performance Rights):** The holder of the Performance Right must not enter into any arrangement for the purpose of hedging, or otherwise affecting their economic exposure, to their Performance Rights.
 - (o) **(Lapse on incorrect transfer):** Where the holder purports to transfer a Performance Right other than in accordance with rule (m) or hedge a Performance Right contrary to rule (n) the Performance Right immediately lapses.
 - (p) **(New Issues):** Other than adjustments for reorganisation of the issued capital of the Company, a holder of the Performance Rights are not entitled to participate in any new issue of securities of the Company as a result of their holding performance rights during the currency of any performance rights and prior to vesting. In addition, the Performance Right holders are not entitled to vote nor receive dividends as a result of their holding performance rights.
 - (q) **(Adjustment for reorganisation):** In the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company, all rights that each holder is entitled, will be adjusted in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
 - (r) **(No other participation):** Subject to paragraphs (a) and (q), during the currency of any Performance Rights and prior to vesting, the holder is not entitled to participate in any new issue of securities of the Company as a result of his/her holding Performance Rights. In addition, the holder is not entitled to vote nor to receive dividends as a result of his/her holding Performance Rights.
 - (s) **(Restrictions on Shares):** Any Share acquired on the vesting of a Performance Right must not be disposed of or dealt with until the earlier of:
 - (i) the time when an event occurs so that the holder to whom the offer is made is no longer an employee of the Company;
 - (ii) the Board approves by resolution that the restriction is released;
 - (iii) there is a change in control or winding up of the Company; or
 - (iv) the seven year anniversary of the date of grant of the Performance Right.

SCHEDULE 2 – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS PLAN

The following is a summary of the key terms and conditions of the Performance Rights Plan (**Plan**) to be adopted by Shareholders under Resolution 9:

- (a) (**Entitlement to Participate**): The Board will determine in its discretion whom is entitled to participate in the Plan and issue an invitation to that person. The Board will consider factors such as length of service, contribution made to the Company, potential contribution made to the company and any other matter the Board considers relevant.
- (b) (**Renunciation**): Upon receipt of an offer, an eligible participant may nominate an associate in whose favour the eligible participant wishes to renounce the offer. The Board may in its discretion resolve not to allow such a renunciation.
- (c) (**Accepting of Performance Rights**): A participant may only accept an offer within the time period specified in the offer and by returning an acceptance form. The Board may accept or reject any acceptance form at its absolute discretion.
- (d) (**Rights**): Each performance right issued under the Plan is a right to acquire a single Share, free of encumbrances.
- (e) (**Expiry Date**): Means the date on which a performance right lapses (if it has not otherwise vested or lapsed in accordance with the Plan) as specified in the offer made to the participant (**Expiry Date**).
- (f) (**Vesting Conditions**): The Board will determine the vesting conditions that must be satisfied before the Performance Right vests in the holder (**Vesting Conditions**).
- (g) (**Vesting**): A Performance Right will vest in a participant where the Vesting Conditions are satisfied or waived by the Board or where the Performance Right vests as a result of a change in control and winding up or the Good Leaver Exceptions.
- (h) (**Change in Control and Winding Up**): Subject to the terms of the Performance Right any unvested performance rights will vest within 10 Business Days of:
- (i) a change of control occurring; or
 - (ii) the Company passing a resolution for voluntary winding up or where an order is made for the compulsory winding up of the Company.
- (i) (**Good Leaver Exceptions**): The Board may in its discretion determine that all or a specified number of a participants unvested performance right vests where an eligible participant ceases to be an employee as a result of:
- (i) death or total or permanent disability;
 - (ii) retirement or redundancy;
 - (iii) severe financial hardship;
 - (iv) death of an immediate family member;
 - (v) substantial change in circumstances; or
 - (vi) terminal illness of the eligible participant,
- (**Good Leaver Exceptions**).

- (j) **(Lapse of an unvested Performance Right):** A performance right that has not vested will lapse upon the earlier to occur of:
- (i) an unauthorised dealing in, or hedging of the performance right occurring;
 - (ii) a Vesting Condition not being satisfied by the due date or becoming incapable of satisfaction;
 - (iii) the participant ceasing to be an employee, subject to the Good Leaver Exceptions;
 - (iv) the performance right lapsing following a change in control or winding up resolution or order;
 - (v) a determination of the Board that the performance right is to lapse where the participant:
 - (A) in the opinion of the Board acts fraudulently or dishonestly or is grossly negligent, demonstrates serious or wilful misconduct or causes a material adverse effect on the reputation of the Company;
 - (B) has his or her employment terminated due to serious or wilful misconduct or otherwise for cause without notice; or
 - (C) becomes ineligible to hold his or her office due to Part2D.6 of the Corporations Act;
 - (vi) the Expiry Date; or
 - (vii) the 7 year anniversary of the date of grant of the performance rights.
- (k) **(New Issues):** Other than adjustments for reorganisation of the issued capital of the Company, participants are not entitled to participate in any new issue of securities of the Company as a result of their holding performance rights during the currency of any performance rights and prior to vesting. In addition, participants are not entitled to vote nor receive dividends as a result of their holding performance rights.
- (l) **(Issue of Shares):** Subject to the Corporations Act, the ASX Listing Rules and the Plan the Company must issue to the participant or his or her representative the number of Shares the participant is entitled to be issued in respect of the vested performance rights within 10 Business Days of the performance rights vesting.
- (m) **(Quotation):** If Shares of the same class as those issued under the Plan are listed on the ASX the Company will apply to the ASX within 10 Business Days after they are issued for those Shares to be listed.
- (n) **(Restriction):** Any Share acquired by a participant on the vesting of a Performance Right must not be disposed of or dealt with until the earlier of:
- (i) the time when an event occurs so that the participant to whom the offer is made is no longer an employee of the Company;
 - (ii) the Board approves by resolution that the restriction is released;
 - (iii) there is a change in control or winding up of the Company; or
 - (iv) the seven year anniversary of the date of grant of the Performance Right.

PROXY FORM

**APPOINTMENT OF PROXY
CAPE RANGE LTD
ACN 009 289 481**

GENERAL MEETING

I/We

of

being a Shareholder entitled to attend and vote at the Meeting, hereby

appoint

Name of proxy

OR

the Chair as my/our proxy

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 10:00 am EST, on 15 August 2013 at Level 37, Rialto Building, South Tower, 525 Collins Street, Melbourne, Victoria, Australia, and at any adjournment thereof.

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.

Voting on business of the Meeting

Resolution 1 – Approval for Acquisition of Exergen Pty Ltd
Resolution 2 – Consolidation of Capital
Resolution 3 – Share Placement
Resolution 4 – Change of Company Name
Resolution 5 – Issue of Shares to Wayne Johnson
Resolution 6 – Issue of Shares to Michael Higginson
Resolution 7 – Issue of Shares to John Georgiopoulos
Resolution 8 – Issue of Shares to Joseph Cornelius
Resolution 9 – Adoption of Performance Rights Plan

FOR

AGAINST

ABSTAIN

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.

Important for Resolutions 5 – 7 and 9

If you have not directed your proxy how to vote as your proxy in respect of Resolutions 5 – 7 and 9 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 above) on Resolutions 5 – 7 and 9 (except where I/we have indicated a different voting intention above) and expressly authorise that the Chair may exercise my/our proxy even though Resolutions 5 – 7 and 9 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 5 – 7 and 9 and that votes cast by the Chair for Resolutions 5 – 7 and 9, 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 5 – 7 and 9 your votes will not be counted in calculating the required majority if a poll is called on Resolutions and 5 – 7 and 9.

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

Signature of Shareholder(s):

Date: _____

Individual or Shareholder 1

Shareholder 2

Shareholder 3

**Sole
Secretary**

Director/Company

Director

Director/Company Secretary

Contact Name: _____ **Contact Ph (daytime):** _____

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):**
- **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - **(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 Proxy Form when you return it.
 - **(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 Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
- (a) post to Cape Range Ltd, 21 Teddington Road, Burswood, WA 6100; or
 - (b) facsimile to the Company on facsimile number +61 89479 4044,
- so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.