

Exalt Resources Ltd

ACN 145 327 617

## Notice of Annual General Meeting

Notice is given that the Annual General Meeting of Shareholders of Exalt Resources Limited (“**Exalt**” or the “**Company**”) will be held on **10 am, Thursday 27 November 2014 (Sydney) at Gateway Tower, Level 36, 1 Macquarie Place, Sydney, NSW 2000**. The Explanatory Memorandum accompanying this Notice provides additional information on matters to be considered at the General Meeting. The Explanatory Memorandum and Proxy Form form part of this Notice.

The Directors have determined that, pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders as at 7pm (Sydney time) on 25 November 2014. Terms used in this Notice are defined in the Glossary which forms part of the Explanatory Memorandum.

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## Business

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### Financial Statements

To receive and consider the financial statements of the Company and its controlled entities for the year ended 30 June 2014 and the related Directors' Report, Directors' Declaration and Auditors' Report.

#### **RESOLUTION 1: ADOPTION OF DIRECTORS' REMUNERATION REPORT**

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

*"That the Directors' Remuneration Report for the year ended 30 June 2014 be adopted".*

##### **Voting Exclusion Statement:**

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of a member of the key management personnel of the Company (including Directors) details of whose remuneration are included in the Director's Remuneration Report ("KMP"), or their closely related parties.

However, a person described above may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a KMP or closely related party of the KMP and either:

- (a) The person is appointed as a proxy by writing that specifies the way the proxy is to vote on Resolution 1; or
- (b) it is cast by the Chairman of the Annual General Meeting as proxy for a KMP or closely related party of the KMP, where the Proxy Form does not specify the way the Chairman is to vote and which expressly authorises the Chairman to vote even though the resolution is connected directly or indirectly with the remuneration of a KMP and even though the Chairman of the Annual General Meeting is a member of KMP.

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

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

#### **RESOLUTION 2: ELECTION OF DIRECTOR (Mr Peter Bennetto)**

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

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

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

#### **RESOLUTION 3: RE-ELECTION OF DIRECTOR (Mr Peter Dykes)**

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

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

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

## **RESOLUTION 4: RATIFICATION OF PRIOR SHARE ISSUE PLACEMENT FOR PURPOSE OF LISTING RULE 7.4: RE-SET OF 15% THRESHOLD**

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

*“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 4,500,000 Shares on the terms described in the Explanatory Memorandum accompanying this Notice.”*

### **Voting Exclusion Statement:**

The Company will disregard any votes cast on Resolution 4 by a person who participated in the issue and any of their associates.

However, the Company will not disregard a vote if:

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

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

## **RESOLUTION 5: ISSUES OF SECURITIES UNDER INCENTIVE OPTION SCHEME**

To consider and, if thought fit, to pass 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, the issue of shares, options and other equity securities under the Company's Incentive Option Scheme (the terms of which are summarised in the Explanatory Memorandum accompanying the Notice of Annual General Meeting) be hereby approved.”*

### **Voting Exclusion Statement:**

The Company will disregard any votes cast on Resolution 5 by directors of the Company or their associates. However, the Company will not disregard a vote if:

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

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

## **RESOLUTION 6: ISSUE OF SHARES TO MR SHANE HARTWIG IN LIEU OF DIRECTOR FEES**

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

*“That for the purposes of Section 208 of the Corporations Act and ASX Listing Rule 10.11 approval be given for the Company to allot a total of 1,606,596 ordinary shares to Mr Shane Hartwig (or his Nominee) as payment for Director Fees incurred for the period 1 January 2013 to 30 June 2014.”*

### **Voting Exclusion:**

A vote on Resolution 6 must not be cast (in any capacity) by or on behalf of:

- (a) a related party of the Company to whom Resolution 6 would permit a financial benefit to be given (or their nominee); or

(b) an associate of such a related party.

However, the above does not prevent the casting of a vote if:

(a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and

(b) it is not cast on behalf of a related party or associate of a kind referred to above.

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

## **RESOLUTION 7: ISSUE OF SHARES TO MR PETER BENNETTO IN LIEU OF DIRECTOR FEES**

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

"That for the purposes of Section 208 of the Corporations Act and ASX Listing Rule 10.11 approval be given for the Company to allot a total of 982,754 ordinary shares to Mr Peter Bennetto (or his Nominee) as payment for Director Fees incurred for the period 1 January 2013 to 30 June 2014."

### **Voting Exclusion:**

A vote on Resolution 7 must not be cast (in any capacity) by or on behalf of:

(a) a related party of the Company to whom Resolution 7 would permit a financial benefit to be given (or their nominee); or

(b) an associate of such a related party.

However, the above does not prevent the casting of a vote if:

(a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and

(b) it is not cast on behalf of a related party or associate of a kind referred to above.

The Chairman of the Annual General Meeting intends to vote all proxies he is permitted to vote in favour of Resolution 7.

## **RESOLUTION 8: ISSUE OF SHARES TO MR PETER DYKES IN LIEU OF DIRECTOR FEES**

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

"That for the purposes of Section 208 of the Corporations Act and ASX Listing Rule 10.11 approval be given for the Company to allot a total of 1,589,097 ordinary shares to Mr Peter Dykes (or his Nominee) as payment for Director Fees incurred for the period 1 January 2013 to 30 June 2014."

### **Voting Exclusion:**

A vote on Resolution 8 must not be cast (in any capacity) by or on behalf of:

(a) a related party of the Company to whom Resolution 8 would permit a financial benefit to be given (or their nominee); or

(b) an associate of such a related party.

However, the above does not prevent the casting of a vote if:

(a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and

(b) it is not cast on behalf of a related party or associate of a kind referred to above.

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

## **RESOLUTION 9: APPROVAL OF 10% PLACEMENT FACILITY**

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

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

### **Voting Exclusion Statement:**

The Company will disregard any votes cast on this resolution by a person who may participate in the issue of Equity Securities under this resolution, a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if Resolution 9 is passed, and any associates of the aforementioned persons.

However, the Company will not disregard a vote if:

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

As at the date of this Notice of Annual General Meeting, the Company has no specific plans to issue securities under the placement facility under ASX Listing Rule 7.1A and therefore it is not known who (if any) may participate in a potential issue of securities under the placement facility (if any) under ASX Listing Rule 7.1A. Accordingly, as at the date of this Notice of Annual General Meeting, the Company is not aware of any person who would be excluded from voting on this resolution.

The Chairman of the Annual General Meeting intends to vote all available proxies in favour of Resolution 9.

Dated: 28 October 2014

By order of the Board



**Shane Hartwig**

Company Secretary and Director

# Notes

## Explanatory Memorandum

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

## Eligibility to vote

In accordance with the Corporations Act and the Constitution, a person's entitlement to vote at the Annual General Meeting will be determined by reference to the number of Shares registered in the name of that person (reflected in the register of members) as at 7pm (Sydney time) on 25 November 2014.

## How to vote

Each Shareholder is entitled to attend and vote at the General Meeting in person or by proxy.

## Proxy votes

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

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

A proxy need not be a Shareholder.

A Proxy Form must be signed (in the form attached to this Notice) by the Shareholder or the Shareholder's attorney.

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

The address for lodgement of Proxy Forms is:

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

## Key Management Personnel as proxy

If a Shareholder appoints a member of the key management personnel (KMP) (which includes each of the Directors) or a closely related party of any KMP as proxy, such KMP or closely related party is not able to vote a proxy on Resolution 1 unless the shareholder directs them how to vote by marking the box on the Proxy Form (Step 2) for Resolution 1.

If a shareholder appoints the Chairman of the Annual General Meeting as proxy, the shareholder can direct the Chairman how to vote by either marking the boxes on the Proxy Form for Resolution 1 or by marking the Chairman voting direction box on the Proxy Form (Step 1) in which case this will be considered to be an express direction to the Chairman of the Annual General Meeting to vote in favour of Resolution 1 even though Resolution 1 are connected directly or indirectly with the remuneration of a member of a KMP and/or even if the Chairman of the Annual General Meeting has an interest in the outcome of Resolution 1. If the voting direction boxes are not completed in either Step 1 or Step 2, then the Chairman will not cast any votes on your behalf on Resolution 1.

## Undirected Proxies

Subject to the above, the Chairman of the General Meeting intends to vote all undirected proxies in favour of the Resolutions. However, the Company encourages all Shareholders who submit Proxy Forms to direct their proxy how to vote on each Resolution by marking the boxes on the Proxy Form (Step 2) for each item of business.

### **Directed Proxies**

Under recent amendments to the Corporations Act, there are new rules relating to how a proxy must vote directed proxies. If a Proxy Form specifies the way a proxy is to vote on a Resolution, then:

- (a) a proxy need not vote on a show of hands, but if the proxy does vote, the proxy must vote as directed;
- (b) if a proxy is appointed by two or more Shareholders who specify different ways to vote on a resolution, the proxy must not vote on a show of hands;
- (c) if the proxy is the Chairman, the proxy must vote as directed on a poll;
- (d) if the proxy is not the Chairman, the proxy need not vote on a poll, but if the proxy does vote, the proxy must vote as directed; and
- (e) if the proxy is not the Chairman and does not attend the General Meeting or does not vote on a Resolution, but the Proxy Form specifies how to vote and a poll is demanded, then the Chairman is taken to have been appointed as the proxy and must vote as directed.

### **Power of Attorney**

A Shareholder's attorney may sign the Shareholder's Proxy Form on behalf of the Shareholder. By signing the Proxy Form, the Shareholder's attorney confirms that the authority under which he or she executed the Proxy Form has not been revoked.

If the Shareholder's attorney signs the Proxy Form, then the attorney must, when it sends the Proxy Form to the Company, also send the authority (or a certified copy of the authority) under which the Proxy Form was signed. Each of the Proxy Form and authority must be received at least forty eight (48) hours before the General Meeting.

### **Bodies Corporate**

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

### **Enquiries**

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

## Explanatory Memorandum

# Exalt Resources Limited

### 1. Introduction

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

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

### 2. General

#### FINANCIAL STATEMENTS

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

#### RESOLUTION 1: ADOPTION OF DIRECTORS' REMUNERATION REPORT

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

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

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

Pursuant to the Corporations Act, if at least 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report at the Annual General Meeting, and then again at the Company's 2015 annual general meeting, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of directors of the Company (**Spill Resolution**).

At the Company's previous annual general meeting, the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

The Chairman intends to exercise all undirected proxies in favour of Resolution 1. If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairman with express authorisation to vote the proxy in accordance with the Chairman's intention.

#### Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in favour of the resolution.



## **RESOLUTION 2: ELECTION OF DIRECTOR (Mr Peter Bennetto)**

Peter Bennetto is an experienced company director, with skills in banking, corporate finance and governance and has held a number of company director positions in exploration, mining and manufacturing companies listed on the ASX since 1990. Mr Bennetto, GAICD, SA Fin serves as the Non-Executive Chairman of Ironbark Zinc Ltd. He has been Non-Executive Chairman at Exalt Resources Limited since November 28, 2013.

### **Directors' Recommendation**

The Board (other than Mr Bennetto) recommends the election of Mr Peter Bennetto.

The Chairman intends to exercise all undirected proxies in favour of Resolution 2.

## **RESOLUTION 3: RE-ELECTION OF DIRECTOR (Mr Peter Dykes)**

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

Mr Dykes has more than 20 years of experience in the technology industry, beginning his career as a founding member of KPMG's technology advisory practice in both Sydney and Melbourne. He subsequently co-founded a boutique technology advisory business and advised some of Australia's largest corporate clients including BHP, Boral, Telstra and General Motors Holden.

Mr Dykes was an Executive Director, CFO and Company Secretary of Nexbis Ltd and played a key role during its rise from a market capitalisation of \$4 million dollars until its successful sale for \$80 million.

He is currently a Non-Executive Director of Chapmans Limited and RKS Consolidated Limited.

Mr Dykes holds a Bachelor of Business (Accountancy) degree from RMIT University and is a Fellow of the Taxation Institute of Australia

### **Directors' Recommendation**

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

The Chairman intends to exercise all undirected proxies in favour of Resolution 3.

## RESOLUTION 4: RATIFICATION OF PRIOR SHARE ISSUE PLACEMENT FOR PURPOSE OF LISTING RULE 7.4: RE-SET OF 15% THRESHOLD

Under Listing Rule 7.1, a listed company may not issue shares if the shares issued, when aggregated with other shares issued over the previous 12 months and not subject to an exception to Listing Rule 7.1, exceed 15% of the issued capital of the Company.

Under Listing Rule 7.4, it is possible for Shareholders to approve an issue of securities which has already taken place, for the purposes of excluding that number of securities from the calculation of the 15% threshold under Listing Rule 7.1.

The Company issued 7,866,664 Shares during the 12 month period preceding the Annual General Meeting of which 4,500,000 Shares were counted towards the 15% limit and 3,366,664 Shares were issued under a share purchase plan and therefore exempt from counting towards the 15% limit under Exception 15 in Listing Rule 7.2 and the purpose of this Resolution 4 is to seek Shareholder approval for the ratification of the issues of 4,500,000 Shares and seek to exempt them from being counted towards the 15% limit if future issues are made. In compliance with ASX Listing Rule 7.5, the following information is provided in relation to the Share ratification:

Number issued:	4,500,000
Price:	\$.03 per share
Terms of the security:	Fully paid ordinary Shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares
Names of persons who received securities or basis on which those persons was determined:	AS & JR LIBBIS PTY LIMITED; ALASTAIR R BROWN PTY LTD; OREM INVESTMENTS PTY LTD; AND EKE HOLDINGS PTY LTD
Use of funds	The funds will be used for general working capital purposes.

### Directors' recommendation:

The Board recommends that Shareholders vote in favour of Resolution 4. The Chairman intends to exercise all undirected proxies in favour of Resolution 4.

### Voting Exclusion Statement

A voting exclusion statement is included on page 4 of this Notice.

## RESOLUTION 5: ISSUE OF SECURITIES UNDER INCENTIVE OPTION SCHEME

### Approval sought

The Company's Incentive Option Scheme (The "Scheme") has operated since 2010. It is designed to assist with the attraction, motivation and retention of relevant employees of the Company, align the interests of those employees and shareholders by matching rewards with the long term performance of the Company and, accordingly, drive the Company' improved performance.

The Scheme was previously approved by shareholders at the 2010 Annual General Meeting for the purpose of an exception to Listing Rule 7.1, which restricts (in certain circumstances) the issue of new securities in any 12 month period to 15% of issued shares without shareholder approval.

The applicable exception sought in this resolution is contained in Listing Rule 7.2, (Exception 9). The effect of shareholder approval under this exception is that any issues of securities under the Scheme

are treated as having been made with the approval of shareholders for the purposes of Listing Rule 7.1. Approval under this Listing Rule 7.2, (Exception 9) lasts for three years.

Resolution 5 seeks to refresh shareholder approval for a further three years so that securities issued pursuant to the Scheme are not included within the limit of 15% of issued shares under Listing Rule 7.1 that can be issued without shareholder approval.

The Company established the Scheme for a number of purposes and continues believe that the Scheme is integral to the Company's financial performance for a number of reasons, including:

- retaining and incentivising its key personnel;
- attract and retain valued employees essential for the continued growth and development of the Company;
- establish a sense of ownership in the Company for the employees;
- promote and foster loyalty and support amongst the employees for the benefit of both the employees and the Company;
- enhance the relationship between the Company and its employees for the long term mutual benefit of the parties; and
- enable the Company to attract high calibre individuals, who can bring expertise to the Company.

In accordance with ASX Listing Rule 7.2 (Exception 9):

#### **Summary of the key terms of the Incentive Option Scheme**

(a) *Eligibility*

All officers, executives, employees or consultants of the Company that have satisfied the criteria of the Board from time to time, are eligible, at the invitation and discretion of the Company, to be issued Options under the **Scheme** ("**Eligible Participant**"). An Eligible Participant may be entitled to nominate that Options be held by another person that is an associate of the Eligible Participant;

(b) *Offer of Options*

An offer of Options under the Scheme may be made by the Company to an Eligible Participant at any time and in any form, and may provide conditions relating to the options, such as exercise price and option period;

(c) *No Consideration*

Options issued under the Scheme will be issued for no consideration.

(d) *When Options May be exercised*

A Eligible Participant must comply with rules 7.1 through to 7.8 of the Scheme prior to exercising their options.

The Directors may determine the early exercise of options to permit the holder to participate in certain change of control transactions.

(e) *Board's discretion and powers*

The Board will administer the Scheme in accordance with the terms of the governing Deed ("**Terms**") (and any other terms prescribed by the Board for the operation of the Scheme which are consistent with the Terms). The Board has absolute and unfettered discretion to:

- (i) act or refrain from acting pursuant to the rules of the Scheme;
- (ii) to exercise any power or discretion under the Scheme including;
  - a. to determine which employees, Directors, executives or contractors are invited to apply for Options;
  - b. from time to time suspend operation of, or cancel, the Incentive Option Scheme;
- (iii) to delegate its discretions and powers under the Scheme;
- (iv) amend, add or waive any provision of the Scheme.

(f) *Exercise Price*

The exercise price is to be determined by the Board, in its absolute discretion. The exercise price of Options on issue may be reduced in accordance with Listing Rule 6.22.2 in the event of a pro-rata issue (except a bonus issue). In the event of a pro-rata bonus issue of shares, the number of shares issued on exercise of Options will include the number of bonus shares that would have been issued if the Option had been exercised prior to the record date for the bonus issue.

(g) *Nature of Option*

Each Option entitles the holder to subscribe for one Share on exercise of the Option.

(h) *Ranking*

Shares issued on exercise of the Options will rank equally with all existing Shares on issue.

(i) *New issues*

Options do not confer on participants any rights or entitlements to participate in new issues of capital.

(j) *Reorganisation of capital*

In the event of reorganization of the issued capital of the Company, the rights of the option holders will be changed to the extent necessary to comply with the Listing Rules.

(k) *Quotation*

Options issued pursuant to the Scheme will be not issued for quotation on ASX.

**Past Issues under the Scheme**

The Company has not to date issued any Options/securities under the Scheme since the date of last approval of the Scheme.

**Directors' recommendation:**

The Board recommends that Shareholders vote in favour of Resolution 5. The Chairman intends to exercise all undirected proxies in favour of Resolution 5.

**Voting Exclusion Statement**

A voting exclusion statement is included on page 3 of this Notice.

## RESOLUTIONS 6, 7 AND 8: ISSUE OF SECURITIES TO DIRECTORS IN LIEU OF DIRECTOR FEES

Resolutions 6, 7 and 8 seek approval for the allotment and issue of a total of 4,178,447 Shares to directors of the Company, Mr Shane Hartwig, Mr Peter Bennetto and Mr Peter Dykes, or their nominees, in lieu of director fees. The Company has agreed, subject to obtaining Shareholder approval, to issue 4,178,447 Shares to the current Directors of the Company. This figure was calculated by dividing the monthly cash value of Director Fees owed to each individual Director, by the closing monthly share prices of ERD from the period 1 January 2013 to 30 June 2014. The Company is seeking Shareholder approval under ASX Listing Rule 10.11 for the issue of the following Shares;

- (a) Mr Shane Hartwig: **1,606,596 ordinary shares** in Exalt Resources Limited for the period 1 January 2013 to 30 June 2014;
- (b) Mr Peter Bennetto: **982,754 ordinary shares** in Exalt Resources Limited for the period 1 December 2013 to 30 June 2014;
- (c) Mr Peter Dykes: **1,589,097 ordinary shares** in Exalt Resources Limited for the period 1 July 2013 to 30 June 2014;

The ASX Listing Rules and the Corporations Act set out a number of regulatory requirements which must be satisfied in connection with the proposed issue of securities to a director or other related party. These are summarised below.

### ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires shareholder approval to be obtained in respect of an issue of equity securities to a Director unless an exception applies.

As detailed above, the Company has agreed to issue, subject to obtaining Shareholder approval, a total of 4,178,447 Shares to the current Directors of the Company, as remuneration for their services provided in their capacity as non-executive directors of the Company.

Accordingly, Resolutions 6, 7 and 8 seek Shareholder approval under ASX Listing Rule 10.11 for the issue of a total of 4,178,447 Shares to the current Directors of the Company. If Shareholders approve Resolutions 6, 7 and 8, the Shares will not count towards the Company's 15% placement capacity under ASX Listing Rule 7.1 or 7.1A.

### Information required under ASX Listing Rule 10.13

In accordance with ASX Listing Rule 10.13, the following information is provided to Shareholders in relation to **Resolution 6**:

- (a) the Shares will be issued to Mr Shane Hartwig, or his Nominee, as a non-executive Director of the Company;
- (b) the maximum number of Shares that will be issued to the Director is 1,606,596 ;
- (c) the Company will issue the Shares within 1 month after the date of the Annual General Meeting;
- (d) the Shares are being issued as remuneration for services provided by Mr Shane Hartwig in his capacity as non-executive director of the Company. Accordingly, no funds will be raised from the issue of the Shares;
- (e) each Share is deemed to be issued at \$0.026 and will rank equally with all existing Shares on issue; and
- (f) a voting exclusion statement is included on page 4 of this Notice.

In accordance with ASX Listing Rule 10.13, the following information is provided to Shareholders in relation to **Resolution 7**:

- (a) the Shares will be issued to Mr Peter Bennetto, or his Nominee, as a non-executive Director of the Company;
- (b) the maximum number of Shares that will be issued to the Director is 982,754;
- (c) the Company will issue the Shares within 1 month after the date of the Annual General Meeting;
- (d) the Shares are being issued as remuneration for services provided by Mr Peter Bennetto in his capacity as non-executive director of the Company. Accordingly, no funds will be raised from the issue of the Shares;
- (e) each Share is deemed to be issued at \$0.026 and will rank equally with all existing Shares on issue; and
- (f) a voting exclusion statement is included on page 4 of this Notice.

In accordance with ASX Listing Rule 10.13, the following information is provided to Shareholders in relation to **Resolution 8**:

- (a) the Shares will be issued to Mr Peter Dykes, or his Nominee, as a non-executive Director of the Company;
- (b) the maximum number of Shares that will be issued to the Director is 1,589,097;
- (c) the Company will issue the Shares within 1 month after the date of the Annual General Meeting;
- (d) the Shares are being issued as remuneration for services provided by Mr Peter Dykes in his capacity as non-executive director of the Company. Accordingly, no funds will be raised from the issue of the Shares;
- (e) each Share is deemed to be issued at \$0.026 and will rank equally with all existing Shares on issue; and
- (f) a voting exclusion statement is included on page 4 of this Notice.

#### **Section 208 of the Corporations Act**

Under Chapter 2E of the Corporations Act, a public company cannot give a “financial benefit” to a “related party” unless one of the exceptions set out in sections 210 to 216 of the Corporations Act apply or shareholders have in a general meeting approved the giving of that financial benefit to the related party.

The proposed issue of a total of 4,178,447 Shares to Mr Shane Hartwig, Mr Peter Bennetto and Mr Peter Dykes constitutes a “financial benefit” for the purposes of the Corporations Act. Further, each of Mr Shane Hartwig, Mr Peter Bennetto and Mr Peter Dykes is a “related party” of the Company as defined under the Corporations Act. Accordingly, the proposed issue of securities pursuant to Resolutions 6, 7 and 8 will constitute the provision of a financial benefit to a related party of the Company. The Directors have determined to seek Shareholder approval under section 208 of the Corporations Act to permit the issue of the Shares to Mr Shane Hartwig, Mr Peter Bennetto and Mr Peter Dykes on the terms of Resolutions 6, 7 and 8 .

#### **Sections 217 to 227 of the Corporations Act**

Pursuant to Sections 217 to 227, the Company provides the following information to Shareholders in relation to the proposed issue of the Shares under Resolutions 6, 7 and 8:

- (a) Shares will be issued to the Mr Shane Hartwig, Mr Peter Bennetto and Mr Peter Dykes who are related parties by virtue of being Directors of the Company;
- (b) the maximum amount of Shares (being the nature of the financial benefit) to be issued is 4,178,447 Shares being the cash value of Director fees owed to each individual Director, divided by the closing monthly share prices of ERD from the period 1 January 2013 to 30 June 2014;
- (c) the deemed issue price of the Shares is \$0.026 per Share being the average of the closing monthly share prices of ERD from the period 1 January 2013 to 30 June 2014;
- (d) the Shares are to be issued as remuneration for services provided to the Company by the Directors in their capacity as non-executive directors of the Company. Accordingly no funds will be raised from the issue of the Shares;
- (e)

Director	Directors Fees owing	Proposed Issue of Shares in lieu of Director Fees
Mr Shane Hartwig	Accrual of Director Fees owing: 18 months fees at approximately \$3,000 per month.	1,606,596
Mr Peter Bennetto	Accrual of Director Fees owing: 7 months fees at approximately \$3,000 per month.	982,754
Mr Peter Dykes	Accrual of Director Fees owing: 12 months fees at approximately \$3,000 per month.	1,589,097

- (f) the highest, lowest and last trading prices of the Shares during the last 12 months are set out below:

	Price	Date
<b>Highest</b>	\$.035	04 June 2014
<b>Lowest</b>	\$.012	20 December 2013
<b>Last</b>	\$.025	21 October 2014

- (g) the Shares will be issued as soon as possible and no later than 1 month after the date of the Meeting (or such later date as permitted by an ASX waiver or modification of the ASX Listing Rules);
- (h) as at the date of this Notice of Annual General Meeting the Directors shareholdings in the Company are as follows;

	Current Shareholding	% owned before Proposed Issue of Shares	Shareholding post proposed Issue of Shares	% owned post Proposed Issue of Shares
Mr Shane Hartwig	1,525,001	1.99 %	3,131,597	4.09%

Mr Peter Bennetto	-	Nil	982,754	1.28%
Mr Peter Dykes	-	Nil	1,589,097	2.08%

### Valuation of the Shares

The Company has not obtained a valuation of the Shares the subject of Resolutions 6, 7 and 8. The Shares will be deemed to be issued to Mr Shane Hartwig, Mr Peter Bennetto and Mr Peter Dykes at an issue price of at \$0.026 per Share.

The maximum amount of Shares to be issued under Resolutions 6, 7 and 8 is 4,178,447 Shares being the cash value of Director fees owed to each individual Director, divided by the closing monthly share prices of ERD from the period 1 January 2013 to 30 June 2014;

The Shares are continuously quoted securities on ASX.

### Recommendation

In relation to Resolution 6, all Directors recommend that Shareholders vote in favour of the Resolution 6 except for Mr Shane Hartwig who has an interest in the outcome of Resolution 6.

In relation to Resolution 7, all Directors recommend that Shareholders vote in favour of the Resolution 7 except for Mr Peter Bennetto who has an interest in the outcome of Resolution 7.

In relation to Resolution 8, all Directors recommend that Shareholders vote in favour of the Resolution 8 except for Mr Peter Dykes who has an interest in the outcome of Resolution 8.

The reasons for the recommendations are as follows:

- the Directors are owed a total of \$108,640 fees for their services as directors over a period of 18 months, which the Directors consider to be reasonable remuneration having regard to the circumstances of the Company and the circumstances of each Director;
- by accepting Shares in lieu of fees, the Directors are conserving cashflow of the Company at a time when the Company is not cashflow positive;
- the Share price has been determined by reference to the market price of the Shares, using the closing price for each month in which services were rendered;
- there are no tax consequences for the Company;
- the Directors must seek their own tax advice, but to the extent that receipt of the Shares is assessed as income in the hands of the Directors, each Director must pay tax in cash equivalent to the tax payable on the receipt of Shares as income.

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## RESOLUTION 9: APPROVAL OF 10% PLACEMENT FACILITY

### General

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

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity for the purposes of Listing Rule 7.1A.

The effect of Resolution 9 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the period up to 12 months after the Annual General Meeting without subsequent Shareholder approval and in addition to the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 9 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative) at the Annual General Meeting.

### Description of Listing Rule 7.1A

#### (a) Shareholder approval

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

#### Equity Securities

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

#### Formula for calculating 10% Placement Facility

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

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

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

- (A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (B) plus the number of partly paid shares that became fully paid in the 12 months;
- (C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without Shareholder approval;
- (D) less the number of fully paid shares cancelled in the 12 months.

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

**D** is 10%

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

(b) Listing Rule 7.1 and Listing Rule 7.1A

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

At the date of this Notice, the Company has on issue 81,071,959 Shares and therefore has a capacity to issue:

- (i) up to 12,160,793 Equity Securities under Listing Rule 7.1; and
- (ii) subject to shareholder approval being sought under Resolution 9, 8,107,196 Equity Securities under Listing Rule 7.1A.

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

(c) Minimum Issue Price

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

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

(d) 10% Placement Period

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

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking) ('10% Placement Period').

**Information required by ASX Listing Rule 7.3A**

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

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the volume weighted average price for the Company's Equity Securities over the 15 ASX trading days on which trades were recorded immediately before:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed;
  - or
  - (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

- (b) If Resolution 9 is passed by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, existing Shareholders' voting power in the Company will be diluted as shown in the table below. There is a risk that:
- (i) the market price for the Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Equity Securities on the issue date.

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

The table also shows:

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

Table 7.3(b)(i)

<b>DILUTION</b>				
<b>Variable "A" in Listing Rule 7.1A.2</b>	<b>Issue Price (per Share)</b>	<b>50% decrease in Current Issue Price \$0.0125</b>	<b>Current Issue Price \$0.025 (14 October 2014)</b>	<b>100% increase in Current Issue Price \$0.05</b>
<b>Current Variable A</b> Shares 81,071,959	10% voting dilution (Number of Shares)	8,107,196	8,107,196	8,107,196
	Funds Raised (\$)	\$101,340	\$202,680	\$405,360
<b>50% increase in Current Variable A</b> 121,607,938 Shares	10% voting dilution (Number of Shares)	12,160,794	12,160,794	12,160,794
	Funds Raised (\$)	\$152,010	\$304,020	\$608,040
<b>100% increase Current Variable A</b> 162,143,918 Shares	10% voting dilution (Number of Shares)	16,214,392	16,214,392	16,214,392
	Funds Raised (\$)	\$202,680	\$405,360	\$810,720

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The table has been prepared on the following assumptions:

- (a) The current issue price is \$0.025, being the closing price of the Company's Shares on ASX on 14 October 2014.
  - (b) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
  - (c) No Options are exercised into Shares before the date of the issue of the Equity Securities.
  - (d) The 10% dilution reflects the aggregate percentage voting dilution against the issued share capital at the time of issue. This is why the dilution is shown in each example as 10%.
  - (e) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Annual General Meeting.
  - (f) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
  - (g) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes listed Options, it is assumed that those listed Option are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- (c) The Company may seek to issue Equity Securities under the 10% Placement Facility for the following purposes:
- (i) as non-cash consideration for the acquisition of new resources, assets and investments (including expenses associated with such acquisitions). In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
  - (ii) for cash consideration in which case the Company intends to use the funds raised for exploration activities at its existing projects and/or for acquisition of new assets or investments (including expense associated with such acquisitions) and general working capital.
- The Company will comply with its disclosure obligations under Listing Rules 7.1A (4) and 3.10.5A upon issue of any Equity Securities.
- (d) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of the Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
- (i) the purpose of the issue;
  - (ii) alternative methods of raising funds that are available to the Company, including but not limited to, rights issue or other issues in which existing security holders can participate;
  - (iii) the effect of the issue of the Equity Securities on the control of the Company;
  - (iv) the circumstances of the Company, including, but not limited to, the financial situation and solvency of the Company; and
  - (v) advice from corporate, financial and broking advisers (if applicable).

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

under the 10% Placement Facility will be the vendors of the new resources, assets or investments.

- (e) As the Company has previously obtained approval for a 10% Placement Facility under Listing Rule 7.1A the Company provides the following additional information.

Equity securities issued in prior 12 month period	7,866,664
Percentage previous issues represent of total number of equity securities on issue at commencement of 12 month period	4 %

Details of all issues of equity securities by the Company during the 12 month period preceding the Annual General Meeting are set out below

Date of issue:	10 <sup>th</sup> June 2014
Number issued:	3,366,664
Class/Type of equity security	Fully paid ordinary Shares
<b>Summary of terms:</b>	
Names of persons who received securities or basis on which those persons was determined:	Issue of Fully paid ordinary Share to existing shareholders under the Company's Share Purchase Plan dated 24.4.2014.
Price:	\$.03 per share
Discount to market price (if any):	\$.001
Consideration provided (cash or non-cash):	\$101,000 cash
Current value of non-cash consideration (if relevant):	n/a

Date of issue:	21 August 2014
Number issued:	4,500,000
Class/Type of equity security	Fully paid ordinary Shares
<b>Summary of terms:</b>	
Names of persons who received securities or basis on which those persons was determined:	Issue of Fully paid ordinary Shares to existing shareholders as a result of placing a component of the shortfall from the Company's Share Purchase Plan.
Price:	\$.03 per share
Discount to market price (if any):	\$.001
Consideration provided (cash or non-cash):	\$135,000 cash
Current value of non-cash consideration (if relevant):	n/a

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**Directors' recommendation:**

The Board recommends that Shareholders vote in favour of Resolution 9. The Chairman intends to exercise all undirected proxies in favour of Resolution 9

**Voting Exclusion Statement**

A voting exclusion statement is included on page 3 of this Notice.

## GLOSSARY

**ASIC** means Australian Securities and Investments Commission.

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

**ASX** means ASX Limited.

**\$** means Australian Dollars.

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

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

**Constitution** means the Company's constitution.

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

**Directors** mean the current directors of the Company.

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

**Explanatory Memorandum** means the explanatory memorandum accompanying the Notice.

**Listing Rule** means a Listing Rule of ASX as amended from time to time.

**Notice** means the Notice of Meeting accompanying this Explanatory Memorandum.

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

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