
LACHLAN STAR LIMITED

ABN 88 000 759 535

**NOTICE OF MEETING, EXPLANATORY MEMORANDUM AND
MANAGEMENT INFORMATION CIRCULAR IN RESPECT OF
THE ANNUAL GENERAL MEETING OF SHAREHOLDERS**

TIME OF MEETING: 11am (WST)
DATE OF MEETING: Friday 29 November 2013
PLACE OF MEETING: Lower Ground Floor
57 Havelock Street
West Perth WA 6005

This document is dated 29 October 2013.

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

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9481 0051.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting ("AGM") of the Shareholders to which this Notice of Meeting relates will be held at 11am (WST) on Friday 29 November 2013 at Lower Ground Floor, 57 Havelock Street, West Perth WA 6005.

HOW TO VOTE

You may vote by attending the AGM in person, by proxy, or (if you are a body corporate) by an authorised representative.

The directors of Lachlan Star Limited ("Lachlan" or the "Company") have set 22 October 2013 as the record date for determining the Shareholders of the Company entitled to receive the Notice of Meeting and 5pm (WST) on Wednesday 27 November 2013 as the record date for determining the Shareholders of the Company entitled to vote at the meeting.

YOUR VOTE IS IMPORTANT

The business of the AGM affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the AGM on the date and at the place set out above.

VOTING BY PROXY

A Shareholder has the right to appoint a proxy (who need not be a Shareholder). A proxy can be an individual or a body corporate. A body corporate appointed as a Shareholder's proxy may, if it wishes to exercise its rights and powers as a proxy at the AGM, appoint a representative to exercise any of the powers the body corporate may exercise as a proxy at the AGM.

A body corporate which is a Shareholder, or which has been appointed as a proxy, is entitled to appoint an individual to act as its representative at the AGM in accordance with section 250D of the Corporations Act, in which case the Company will require a certificate of appointment of the corporate representative executed in accordance with the Corporations Act. The certificate of appointment must be lodged with the Company and/or the Share Registrar, Computershare Investor Services Pty Limited, before the AGM or at the registration desk on the day of the AGM. Certificates of appointment of corporate representatives are available at www.computershare.com.au or on request by contacting Computershare Investor Services Pty Limited on telephone number 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

If you are entitled to cast two or more votes at the meeting, you may appoint two proxies and you may specify the proportion or number of votes each proxy may exercise. Where two proxies are appointed, a separate form should be used for each. You are requested to show on the form a specified proportion of your voting rights which a proxy may exercise. If you appoint two proxies and the appointment does not specify the number or proportion of votes each proxy may exercise, each proxy may exercise half the votes.

To vote by proxy, please complete and sign the enclosed Proxy Form and return (together with the original of any power of attorney or other authority, if any, or a certified copy of that power of attorney or other authority under which the proxy form is signed) and return it in accordance with the following:

In respect of Shareholders registered on the Company's Australian share register

- a) to Computershare Investor Services Pty Limited in accordance with the instructions on the Proxy Form;
- b) by post to Lachlan Star Limited, PO Box 1523, West Perth, Western Australia, 6872;
- c) by facsimile to the Company on facsimile number (+61 8) 9481 0052;
- d) in person to the Company at Lower Ground Floor, 57 Havelock Street, West Perth, WA 6005; or
- e) electronically at the Share Registry website www.investorvote.com.au,

by 11:00am (WST) Wednesday, 27 November 2013. Proxy Forms received later than the time specified will be invalid.

For intermediary Online Subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions so that it is received not later than 11am (WST) on Wednesday, 27 November 2013.

In respect of Shareholders registered on the Company's Canadian share register

- (a) by mail to Equity Financial Trust Company, attention Proxy Department, at 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1; or
- (b) by facsimile to Equity Financial Trust Company at +1 416 595 9593

not later than 48 hours before the Meeting. Proxy Forms received later than the time specified will be invalid.

Beneficial shareholders

If you are a beneficial shareholder of the Company and receive these materials through your broker or through another intermediary, please complete and return the voting information form ("VIF") or proxy in accordance with the instructions provided to you, by your broker, or by the other intermediary.

See the Management Information Circular attached hereto for additional details with respect to voting by proxy, including rights of revocation.

ENQUIRIES

Shareholders are asked to contact the Company Secretary, Mr Robert Anderson, on (+61 8) 9481 0051 if they have any queries in respect of the matters set out in these documents.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that an Annual General Meeting of Shareholders will be held at 11am (WST) on Friday 29 November 2013 at Lower Ground Floor, 57 Havelock Street, West Perth WA 6005.

The Explanatory Memorandum to this Notice of Meeting provides additional information on matters to be considered at the AGM. The Explanatory Memorandum forms part of this Notice of Meeting and Management Information Circular.

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company at 5pm (WST) on Wednesday 27 November 2013.

Terms and abbreviations used in this Notice of Meeting and Explanatory Memorandum are defined in the Glossary.

As explained in the Explanatory Memorandum:

- (i) Resolutions 2, 3, and 5 will only be presented to the Shareholders for vote if Resolution 1 is passed.
- (ii) Resolution 10 will only be presented to the Shareholders for vote if Mr. Babin will be a director of the Company following the AGM.
- (iii) Resolution 11 will only be presented to the Shareholders for vote if Mr. McMullen will be a director of the Company following the AGM.
- (iv) Resolution 12 will only be presented to the Shareholders for vote if Mr. Franzmann will be a director of the Company following the AGM.
- (v) Resolution 13 will only be presented to the Shareholders for vote if Mr. Perry will be a director of the Company following the AGM.
- (vi) Resolution 14 will only be presented to the Shareholders for vote if Mr. Drobeck will be a director of the Company following the AGM.

AGENDA

ORDINARY BUSINESS – FINANCIAL STATEMENTS AND REPORTS

To receive and consider the Annual Financial Report, the Directors' Report and the Audit Report of Lachlan Star Limited for the financial year ended 30 June 2013.

RESOLUTION 1 – ADOPTION OF AMENDED CONSTITUTION

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

“That, with effect immediately upon adoption (i) clause 13.1 of the Company's Constitution be repealed and an amended clause 13.1, in the form tabled at this meeting and signed by the Chairman for identification purposes, be approved and adopted; (ii) clause 13.2 of the Company's Constitution be repealed and an amended clause 13.2, in the form tabled at this meeting and signed by the Chairman for identification purposes, be approved and

adopted; (iii) clause 13.4 of the Company's Constitution be repealed and an amended clause 13.4, in the form tabled at this meeting and signed by the Chairman for identification purposes, be approved and adopted; and (iv) clause 17.4 of the Company's Constitution be repealed."

RESOLUTION 2 – RE-ELECTION OF MR PETER BABIN AS A DIRECTOR

Conditional upon Resolution 1 being passed, to consider and, if thought fit, to pass the following resolution as an **ordinary** resolution.

"That Mr Peter Babin, a director of the Company who retires in accordance with clause 13.2 of the Company's Constitution and who, being eligible, offers himself for re-election, be re-elected as a Director of the Company."

RESOLUTION 3 – RE-ELECTION OF MR MICHAEL MCMULLEN AS A DIRECTOR

Conditional upon Resolution 1 being passed, to consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

"That Mr Michael McMullen, a director of the Company who retires in accordance with clause 13.2 of the Company's Constitution and who, being eligible, offers himself for re-election, be re-elected as a Director of the Company."

RESOLUTION 4 – RE-ELECTION OF MR DECLAN FRANZMANN AS A DIRECTOR

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

"That Mr Declan Franzmann, a director of the Company who retires in accordance with clause 13.2 of the Company's Constitution and who, being eligible, offers himself for re-election, be re-elected as a Director of the Company."

RESOLUTION 5 – RE-ELECTION OF MR SCOTT PERRY AS A DIRECTOR

Conditional upon Resolution 1 being passed, to consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

"That Mr Scott Perry, a director of the Company who retires in accordance with clause 13.2 of the Company's Constitution and who, being eligible, offers himself for re-election, be re-elected as a Director of the Company."

RESOLUTION 6 – RE-ELECTION OF MR PETER DROBECK AS A DIRECTOR

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

“That Mr Peter Drobeck, having been appointed a director of the Company on 22 November 2012 in accordance with clause 13.4 of the Company’s Constitution, retires in accordance with clause 13.4 of the Company’s Constitution and who, being eligible, offers himself for re-election, be re-elected as a Director of the Company.”

RESOLUTION 7 – APPROVAL OF 10% PLACEMENT FACILITY

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

‘That, in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve as a special resolution the issue of Equity Securities representing up to 10% of the issued capital of the Company (at the time of the issue), calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum and Management Information Circular accompanying this Notice of Meeting.’

Voting Exclusion In accordance with Listing Rule 7.3A.7, the Company will disregard any votes cast on this Resolution by a person (and any associates of such a person) who may participate in the issue of Equity Securities contemplated by the Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, and any associates of those persons, if this Resolution is passed. However, the Company will not disregard a vote if it is cast by the 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 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.

RESOLUTION 8 – ISSUE OF UNLISTED OPTIONS AND ORDINARY SHARES TO EMPLOYEES

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

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Company approves the issue of:

- I. an aggregate of 950,000 options to subscribe for fully paid ordinary shares in the Company exercisable at A\$0.25 per share on or before 29 November 2015, vesting immediately; and*
- II. an aggregate of 725,000 fully paid ordinary shares in the Company for no cash consideration*

by way of remuneration to Ubiratan De Oliveira, Mauricio Martinez Cavalla, Gabriel Urra, Roberto Pardo, Guido Osvaldo Rojas Fuenzalida, Katherine Zamora Garcia, Robert Anderson and Eduardo Llanos subject to applicable securities laws, on the terms and conditions set out in the Explanatory Memorandum and Management Information Circular accompanying this Notice of Meeting.”

Voting Exclusion: In accordance with Listing Rule 7.3.8 the Company will disregard any votes cast on this Resolution by Ubiratan De Oliveira, Mauricio Martinez Cavalla, Gabriel Urra, Roberto Pardo, Guido Osvaldo Rojas Fuenzalida, Katherine Zamora Garcia, Robert Anderson and Eduardo Llanos, any associates of these persons, and any person who might obtain a

benefit (except a benefit solely in the capacity of a holder of ordinary securities), and any associates of those persons, 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. The individuals noted above in this voting exclusion are currently the beneficial owners of, or have control and direction over, 469,723 Ordinary Shares representing 0.41% of the issued and outstanding Ordinary Shares of the Company.

RESOLUTION 9 – ADOPTION OF THE REMUNERATION REPORT FOR THE YEAR ENDED 30 JUNE 2013

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

“That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report required by section 300A of the Corporations Act, as contained in the Directors’ Report of the Company for the year ended 30 June 2013, be adopted.”

Note: Section 250R(3) of the Corporations Act provides that the vote on this Resolution is advisory only and does not bind the Directors.

Voting Exclusion: In accordance with section 250(4) of the Corporations Act, members of the key management personnel whose remuneration details are included in the report (and their related parties) are not permitted to vote on the resolution unless:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (b) the voter is the chair of the meeting and the appointment of the chair as proxy (i) does not specify the way the proxy is to vote on the resolution, and (ii) expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the company.

RESOLUTION 10 – ISSUE OF UNLISTED OPTIONS TO DIRECTOR

Conditional upon Resolution 2 being passed, 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 Chapter 2E of the Corporations Act, and for all other purposes, the Company approves the issue of 150,000 options to subscribe for fully paid ordinary shares in the Company exercisable at \$0.25 per share on or before 29 November 2015, vesting immediately, by way of remuneration to Mr. Peter Babin subject to applicable securities laws, on the terms and conditions set out in the Explanatory Memorandum and Management Information Circular accompanying this Notice of Meeting.”

Voting Exclusion: In accordance with Listing Rule 10.13.6 and section 224 of the Corporations Act 2001, the Company will disregard any votes cast on this Resolution by Mr Peter Babin and any associate of Mr Babin. 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. Mr. Babin is currently the beneficial owner of, or has control and direction over

3,322,384 Ordinary Shares representing 2.91% of the issued and outstanding Ordinary Shares of the Company.

RESOLUTION 11 – ISSUE OF UNLISTED OPTIONS TO DIRECTOR

Conditional upon Resolution 3 being passed, 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 Chapter 2E of the Corporations Act, and for all other purposes, the Company approves the issue of 150,000 options to subscribe for fully paid ordinary shares in the Company exercisable at \$0.25 per share on or before 29 November 2015, vesting immediately, by way of remuneration to Mr Michael McMullen subject to applicable securities laws, on the terms and conditions set out in the Explanatory Memorandum and Management Information Circular accompanying this Notice of Meeting.”

Voting Exclusion: In accordance with Listing Rule 10.13.6 and section 224 of the Corporations Act 2001, the Company will disregard any votes cast on this Resolution by Mr Michael McMullen and any associate of Mr McMullen. 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. Mr. McMullen is currently the beneficial owner of, or has control and direction over 2,520,212 Ordinary Shares representing 2.21% of the issued and outstanding Ordinary Shares of the Company.

RESOLUTION 12 – ISSUE OF UNLISTED OPTIONS TO DIRECTOR

Conditional upon Resolution 4 being passed, 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 Chapter 2E of the Corporations Act, and for all other purposes, the Company approves the issue of 150,000 options to subscribe for fully paid ordinary shares in the Company exercisable at \$0.25 per share on or before 29 November 2015, vesting immediately, by way of remuneration to Mr Declan Franzmann subject to applicable securities laws, on the terms and conditions set out in the Explanatory Memorandum and Management Information Circular accompanying this Notice of Meeting.”

Voting Exclusion: In accordance with Listing Rule 10.13.6 and section 224 of the Corporations Act 2001, the Company will disregard any votes cast on this Resolution by Mr Declan Franzmann and any associate of Mr Franzmann. 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. Mr. Franzmann is currently the beneficial owner of, or has control and direction over 1,217,320 Ordinary Shares representing 1.07% of the issued and outstanding Ordinary Shares of the Company.

RESOLUTION 13 – ISSUE OF UNLISTED OPTIONS TO DIRECTOR

Conditional upon Resolution 5 being passed, 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 Chapter 2E of the Corporations Act, and for all other purposes, the Company approves the issue of 150,000 options to subscribe for fully paid ordinary shares in the Company exercisable at \$0.25 per share on or before 29 November 2015, vesting immediately, by way of remuneration to Mr. Scott Perry subject to applicable securities laws, on the terms and conditions set out in the Explanatory Memorandum and Management Information Circular accompanying this Notice of Meeting.”

Voting Exclusion: In accordance with Listing Rule 10.13.6 and section 224 of the Corporations Act 2001, the Company will disregard any votes cast on this Resolution by Mr Scott Perry and any associate of Mr Perry. 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. Mr. Perry is not currently the beneficial owner of, or has control and direction over, any Ordinary Shares of the Company.

RESOLUTION 14 – ISSUE OF UNLISTED OPTIONS TO DIRECTOR

Conditional upon Resolution 6 being passed, 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 Chapter 2E of the Corporations Act, and for all other purposes, the Company approves the issue of 150,000 options to subscribe for fully paid ordinary shares in the Company exercisable at \$0.25 per share on or before 29 November 2015, vesting immediately, by way of remuneration to Mr. Peter Drobeck subject to applicable securities laws, on the terms and conditions set out in the Explanatory Memorandum and Management Information Circular accompanying this Notice of Meeting.”

Voting Exclusion: In accordance with Listing Rule 10.13.6 and section 224 of the Corporations Act 2001, the Company will disregard any votes cast on this Resolution by Mr Peter Drobeck and any associate of Mr Drobeck. 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. Mr. Drobeck is not currently the beneficial owner of, or has control and direction over, any Ordinary Shares of the Company.

Dated: 29 October 2013, by order of the Board

Mr Robert Anderson
Company Secretary

EXPLANATORY MEMORANDUM AND MANAGEMENT INFORMATION CIRCULAR

This Explanatory Memorandum and Management Information Circular has been prepared for the information of the Shareholders and the solicitation of proxies in connection with the business to be conducted at the Annual General Meeting (“AGM”) to be held at 11am (WST) on Friday, 29 November 2013 at Lower Ground Floor, 57 Havelock Street, West Perth WA 6005.

The Company is a “reporting issuer” in Canada. Accordingly, pursuant to the requirements of National Instrument 51-102 - *Continuous Disclosure Obligations* (“NI 51-102”) of the Canadian Securities Administrators, the following disclosure is required to be included with this Explanatory Memorandum.

Unless otherwise stated, the information contained in this management information circular is as of 29 October, 2013. All dollar amount references, unless otherwise indicated, are expressed in Australian dollars.

Purpose of Solicitation

This Management Information Circular is furnished in connection with the solicitation of proxies by the management of the Company for use at the Meeting. The Meeting will be held at Lower Ground Floor, 57 Havelock Street, West Perth, Western Australia at 11am (Perth time), for the purposes set forth in the Notice accompanying this Explanatory Memorandum and Management Information Circular.

It is expected that solicitation of proxies will be primarily by mail but may also be by telephone, facsimile or in person by directors, officers and employees of the Company who will not be additionally compensated therefor. All costs of this solicitation will be borne by the Company.

Appointment of Proxies by Registered Shareholders

Enclosed herewith is a form of proxy for use at the Meeting. **A Shareholder has the right to appoint up to two persons (who need not be Shareholders) to attend and act for the Shareholder and on the Shareholder’s behalf at the Meeting other than the person designated in the form of proxy and may exercise such right by inserting the full name of the desired person(s) in the blank space provide in the form of proxy.**

The proxy to be acted upon must be delivered:

In respect of Shareholders registered on the Company’s Australian share register

- (c) to Computershare Investor Services Pty Limited in accordance with the instructions on the Proxy Form;
- (d) by post to Lachlan Star Limited, PO Box 1523, West Perth, Western Australia, 6872;
- (e) by facsimile to the Company on facsimile number (+61 8) 9481 0052;
- (f) in person to the Company at Lower Ground Floor, 57 Havelock Street, West Perth, WA 6005; or
- (g) electronically at the Share Registry website, www.investorvote.com.au

by 11:00am (WST) Wednesday 27 November 2013. Proxy Forms received later than the time specified will be invalid.

For intermediary Online Subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions so that it is received not later than 11am (WST) on Wednesday 27 November 2013.

In respect of Shareholders registered on the Company's Canadian share register

- (a) by mail to Equity Financial Trust Company, attention Proxy Department, at 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1; or
- (b) by facsimile to +1 416 595 9593

not later than 48 hours before the Meeting. Proxy Forms received later than the time specified will be invalid.

Revocation of Proxies

A Shareholder executing and delivering a proxy has the power to revoke it in accordance with the provisions of the Corporations Act, which provides that every proxy may be revoked by an instrument in writing executed by the Shareholder or by his or her attorney authorised in writing and delivered either to the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof at which the proxy is to be used, or to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, or in any other manner permitted by law.

Voting of Proxies

Shares represented by properly executed proxies in favour of persons designated in the printed portion of the enclosed form of proxy will be voted for each of the matters to be voted on by Shareholders as described in this Management Information Circular or withheld from voting or voted against if so indicated on the form of proxy and in accordance with the instructions of the Shareholder on any ballot that may be called for. In the absence of such election, the form of proxy accompanying this Explanatory Memorandum and Management Information Circular confers discretionary authority upon the proxy for each matter for which no choice has been specified and with respect to any amendments or variations to the matters identified in the Notice of Meeting and any other matters that may properly come before the Meeting. At the time of printing this Explanatory Memorandum and Management Information Circular, management knows of no such amendment, variation or other matter to come before the Meeting. However, if any other matters that are not known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.

It is intended that the person designated by management in the form of proxy (this being the Chairman of the Meeting) will vote the securities represented by the proxy in favour of each matter identified in the proxy form and for the election of the proposed director to the Board of Directors of the Company.

Section 250R(4) of the Corporations Act prohibits any votes on Resolution 9 (which is the non-binding resolution to adopt the Remuneration Report for the year ended 30 June 2013) being cast by senior executives (or their associates) whose remuneration details are disclosed in the Remuneration Report. However, an exception to this prohibition exists to enable the Chairman to vote shareholders' undirected proxy votes. In this regard, you should specifically note that if you appoint the Chairman as your proxy and you indicate on the form of proxy that you do not wish to specify how the Chairman

should vote on resolution 9, you will be deemed to have expressly directed the Chairman to cast your votes **in favour of resolution 9**. **If you wish to appoint the Chairman as your proxy but do NOT want your votes to be cast in favour of resolution 9, you must indicate your voting intention by marking either 'against' or 'abstain' against resolution 9 in the Proxy Form.**

Advice for Beneficial Holders

Only registered Shareholders or the persons they appoint as their proxies are permitted to vote at the meeting. However, in many cases, Shares beneficially owned by a holder who is not a registered Shareholder, are registered either (i) in the name of an intermediary (which is usually a bank, trust company, securities dealer or broker, or a clearing agency in which an intermediary participates) or (ii) in the name of a clearing agency (such as The Canadian Depository for Securities Limited of which an intermediary is a participant). **A non-registered Shareholder cannot be recognized at the Meeting for the purpose of voting his Shares unless such holder is appointed by the applicable intermediary as a proxyholder.**

The Company has distributed copies of the Meeting materials to intermediaries and clearing agencies for distribution to non-registered Shareholders. Intermediaries are required to deliver these materials to all non-registered Shareholders of the Company who have not waived their rights to receive these materials, and to seek instructions as to how to vote the shares. Often, intermediaries will use a service company (such as Broadridge Financial Solutions Inc.) to forward these meeting materials to non-registered Shareholders.

In substitution for the proxy, non-registered Shareholders who received meeting materials will be given a voting instruction form (a "**VIF**") which must be completed and signed by the non-registered Shareholder in accordance with the instructions noted on it. In this case, the mechanisms described above for registered Shareholders cannot be used and the instructions on the VIF **must** be followed (which in some cases may allow completion of the VIF by telephone or the Internet). The VIF is provided instead of a proxy. By returning the VIF in accordance with its instructions, a non-registered owner is able to instruct the registered Shareholder how to vote on behalf of the non-registered owner.

The purpose of these procedures is to allow non-registered Shareholders to direct the voting of the shares that they own but that are not registered in their name. Should a non-registered Shareholder wish to attend and vote at the Meeting in person (or have another person attend and vote on his behalf), the non-registered Shareholder should carefully follow the instructions provided on the VIF.

Proxies returned by intermediaries as "non-votes" because the intermediary has not received instructions from the non-registered Shareholder with respect to the voting of certain shares or, under applicable stock exchange or other rules, the intermediary does not have the discretion to vote those Shares on one or more of the matters that come before the Meeting, will be treated as not entitled to vote on any such matter and will not be counted as having those Shares voted in respect of any such matter.

Voting Shares and Record Date

The authorized capital of the Company consists of an unlimited number of shares of which as of 28 October 2013, a total of 114,092,871 Shares were issued and outstanding as fully paid ("**Ordinary Shares**"). The Ordinary Shares are the only shares of the

Company entitled to be voted at the Meeting and subject to certain exclusions of votes described above, each Ordinary Share is entitled to one vote at the Meeting.

The directors of the Company have set 22 October 2013 as the record date for determining the Shareholders of the Company entitled to receive the Notice of Meeting and 5pm (Perth time) on Wednesday, 27 November 2013 as the record date for determining the Shareholders of the Company entitled to vote at the Meeting.

Resolution 1 requires a 75% majority of those voting to approve the resolution. All other resolutions require a simple majority of votes cast to approve those resolutions .

Principal Holders of Shares

As at the date hereof, to the knowledge of the directors and executive officers of the Company, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, Ordinary Shares carrying more than 10% of the voting rights attaching to all issued and outstanding Ordinary Shares of the Company, except as follows:

Name	Designation of Class	Number	Percentage
Sentry Investments Inc., Sentry Capital Corp, Sean Driscoll	Ordinary Shares	22,120,787	19.39%

EXPLANATORY MEMORANDUM (PARTICULAR OF MATTERS TO BE ACTED UPON)

The purpose of this Explanatory Memorandum is to provide information that the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

1. FINANCIAL STATEMENTS AND REPORTS

The Corporations Act requires the Annual Financial Report, the Directors' Report, and the Auditor's Report ("**Annual Report**") to be received and considered at the AGM. The Corporations Act does not require Shareholders to vote on the Annual Report. However, Shareholders attending the AGM will be given a reasonable opportunity to ask questions about, or make comments on, the financial statements and reports contained within the Annual Report.

The Company's auditor, PricewaterhouseCoopers, will be present at the AGM and Shareholders will have the opportunity to ask the auditor questions in relation to the conduct of the audit, the auditor's report, the Company's accounting policies, and the independence of the auditor.

2. RESOLUTION 1 - ADOPTION OF AMENDED CONSTITUTION

In late 2012 the Toronto Stock Exchange amended the TSX Company Manual to require the board of directors of every issuer listed on the TSX to permit shareholders to vote on the election of all directors at each AGM. If shareholder approval is required to implement this requirement, the amendment must be

put to the shareholders for a vote. In summary, clause 13.2 of the Company's Constitution currently provides for the election of directors (other than a Managing Director) by rotation, provided that no director (other than a Managing Director) may hold office for more than three years. Clause 17.4 of the Company's Constitution provides that a Managing Director shall not retire by rotation in accordance with clause 13.2. Clauses 13.1 and 13.4 of the Company's Constitution refer to the rotation of directors.

ASX Listing Rule 14.4 requires that Directors not hold office without re-election for more than three years.

Therefore, to be compliant with both the TSX Company Manual and the ASX Listing Rules, the Directors recommend that Shareholders vote in favour of this resolution to amend the Company's constitution by:

- (i) amending clause 13.2 such that all Directors (which, for the avoidance of doubt, includes any Managing Directors) are subject to election or re-election at each AGM;
- (ii) deleting clause 17.4, which exempts a Managing Director from retiring by rotation; and
- (iii) amending clauses 13.1 and 13.4 to remove references to the rotation of directors.

The new clauses 13.1, 13.2 and 13.4, which will be effective immediately if Resolution 1 is passed, are attached to this Notice as Annexure "A".

Directors' recommendation

The Directors recommend that Shareholders vote in favour of this resolution.

If Resolution 1 does not pass, Resolutions 2, 3 and 5 will not be put to Shareholders as, without the amendment to clause 13.2 of the Constitution, the director elections provided for in those resolutions would not be required.

3. RESOLUTION 2 – RE-ELECTION OF MR PETER BABIN AS A DIRECTOR

Subject to the approval of Resolution 1, clause 13.2 of the Company's Constitution provides that at each AGM of the Company each of the Directors is required to retire but is eligible to be re-elected.

Mr. Babin offers himself for re-election as a Director. Mr. Babin was appointed a director on 24 December 2010 and is a member of the Audit Committee.

Mr Babin is an attorney admitted to practice in several of the United States, with more than 26 years' experience in the acquisition, disposition, financing and operations of precious metals mining projects and other natural resources projects. He was most recently (from January 2009 to December 2010) the Managing Director of DMC Newco Ltd, an unlisted Australian entity whose wholly-owned subsidiary, Compañía Minera Dayton (a Chilean mining company), was acquired by Lachlan Star on 24 December 2010. Mr Babin is also currently the chief executive officer of CalX Minerals LLC, a Colorado entity that produces chemical-grade pulverised limestone, for use as an explosives suppressant in underground coal mines.

Mr Babin has not been a director of any other listed company since April 2003, when he resigned from the board of directors of Royal Gold Inc. Mr Babin was appointed a member of the Company's Audit Committee on 11 January 2011.

4. RESOLUTION 3 – RE-ELECTION OF MR MICHAEL MCMULLEN AS A DIRECTOR

Subject to the approval of Resolution 1, clause 13.2 of the Company's Constitution provides that at each AGM of the Company each of the Directors is required to retire but is eligible to be re-elected.

Mr. McMullen offers himself for re-election as a Director. Mr McMullen was appointed a director on 26 September 2007. Mr McMullen was appointed a member of the Audit Committee on 19 October 2011 and vacated that position on 3 December 2012.

Mr McMullen is a geologist with in excess of 20 years' experience in exploration, financing, development and operation of mining projects. During that time he has worked in Australia, Africa, Europe, Asia and South America. He has acted as technical adviser to many of the major resource banks for project financing and mergers and acquisitions and has worked on several corporate finance transactions on the ASX, AIM, JSE and TSX markets. He was formerly a founding shareholder and executive director of Tritton Resources Limited, a company that developed a copper mine in Australia prior to being acquired by Straits Resources Limited. He was most recently the Managing Director and CEO for Northern Iron Limited, a company that redeveloped an iron ore mine in Norway.

During the past three years Mr McMullen has held the following listed company directorships:

Luir Gold Limited	From September 2009 to November 2010
Nevada Iron Ltd	From February 2012 to present
Stillwater Mining Company	From May 2013 to present

5. RESOLUTION 4 – RE-ELECTION OF MR DECLAN FRANZMANN AS A DIRECTOR

Mr. Franzmann is required to retire pursuant to clause 13.2 of the Company's Constitution, either because he is due to retire by rotation and is eligible to be re-elected (pursuant to the unamended clause 13.2) or because all directors are subject to re-election (pursuant to the amended clause 13.2 if Resolution 1 is passed).

Mr. Franzmann offers himself for re-election as a Director. Mr. Franzmann was appointed a director on 26 September 2007.

Mr Franzmann is a mining engineer with more than 21 years' mining experience. His previous experience includes operational and technical roles at underground and open pit mines throughout Australia, Asia and Africa. He operates a consulting company providing mine engineering and geology services to a variety of companies. Mr Franzmann was Managing Director from 1 December 2010 until his transition to a non-executive director on 1 May 2013.

During the past three years Mr Franzmann has held the following listed company directorships:

Every Day Mine Services Limited	From March 2007 to November 2010
Luir Gold Limited	From August 2009 to November 2010

6. RESOLUTION 5 – RE-ELECTION OF SCOTT PERRY AS A DIRECTOR

Subject to the approval of Resolution 1, clause 13.2 of the Company's Constitution provides that at each AGM of the Company each of the Directors is required to retire but is eligible to be re-elected.

Mr. Perry offers himself for re-election as a Director. Mr. Perry was appointed a director on 9 September 2011.

Mr Perry is currently the President and Chief Executive Officer of AuRico Gold, a TSX and NYSE listed company with gold mining operations in Mexico and a market capitalisation of approximately CDN\$1.1 billion. He has a Bachelor of Commerce from Curtin University as well as a CPA designation. He commenced his career with Newmont in Australia before moving to Barrick Gold where he rose to be the Chief Financial Officer for Barrick's Russian and Central Asian division, culminating in the secondment as Chief Financial Officer and board member of Highland Gold, a London listed company with gold operations in Russia. Scott joined AuRico in early 2008, where his focus has been on financial reporting, execution of business plans, investor relations and corporate merger and acquisition activity. In July 2012 he was appointed President and Chief Executive Officer of AuRico Gold. Mr Perry is resident in Toronto and well known in the investor community in North America and adds North American depth to the Lachlan Star team.

Mr Perry was appointed a member of the Company's Audit Committee on 3 October 2011 and chairs that committee. During the past three years Mr. Perry has held the following listed company directorships:

AuRico Gold Inc.	From September 2012 to present
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7. RESOLUTION 6 – RE-ELECTION OF PETER DROBECK AS A DIRECTOR

Mr Drobeck was appointed a director on 22 November 2012 and is therefore required to retire at the AGM, but is eligible to be re-elected, pursuant to clause 13.4 of the Company's Constitution (regardless of whether Resolution 1 is passed and clause 13.4 is amended). Under clause 13.4 the directors may appoint a person as a director, either as an addition to the existing directors or to fill a casual vacancy and any person so appointed (other than a Managing Director, under the unamended form of clause 13.4) must retire from office at the next annual general meeting following his appointment. In accordance with clause 13.4, Mr. Drobeck now retires and, being eligible, offers himself for re-election as a director.

Mr. Drobeck is a practicing geologist with 33 years of professional experience focused on exploration, development, and near-mine exploration in the Americas, Asia, Europe and Africa. He is presently Director Exploration for New Projects with Silver Standard Resources Inc., a leading intermediate silver

producer. Past positions have included Sr. Vice-President of Exploration at AuRico Gold Inc., an intermediate gold producer with operations in Mexico and Canada, and Vice-President of Exploration at Electrum Ltd., a private exploration company dedicated to grass roots gold discovery world-wide. Mr. Drobeck led the Newcrest team in the 1990s that discovered the giant Caspiche porphyry gold deposit in Chile, and also led the NGEX Resources (formerly Tenke Mining) team in the 2000s that discovered the Filo del Sol Cu-Au-Ag deposit on the Chile – Argentina border, and related porphyry gold-copper deposits in the region.

Mr Drobeck has not held any listed company directorships in the last three years. Mr Drobeck was appointed a member of the Company's Audit Committee on 3 December 2012.

Director Information

The following table sets out the names of the nominees for election as Directors of the Company, the province or state and the country in which each is resident, all positions with the Company now held by each of them, their present principal occupation, business or employment in the five preceding years, the period of time for which each has served as a Director of the Company, and the number of Shares of the Company or its subsidiaries beneficially owned or controlled or directed, directly or indirectly, by such person as at the date hereof.

Name and Residence	Position with the Company	Principal Occupation During Past Five Years	Director Since	Ordinary Shares beneficially owned directly or indirectly
Michael J. McMullen Western Australia, Australia	Executive Chairman	Geologist and consultant through his private family trust, Wildeville Pty Ltd as Trustee for the McMullen Family Trust (2005 to present). Executive Chairman of Nevada Iron Ltd (February 2012 to present, executive position from June 27, 2012); director of Stillwater Mining Company (May 2013 to present). Formerly Managing Director and CEO of Northern Iron Limited (May 2007 to November 2010) and director of Luiiri Gold Limited (September 2009 to November 2010).	September 26, 2007 ⁽¹⁾	2,520,212 (2.21%)
Declan T. Franzmann Queensland, Australia	Managing Director	Mining engineer through his private consulting company, Citraen Pty Ltd. (2005 to present). Formerly Executive Director of Lachlan (September 26, 2007 to August 31, 2008); non-executive director of Lachlan (September 1, 2008 – November 30, 2010); director of Every Day Mine Services Limited (March 2007 to November 2010) and director of Luiiri Gold Limited (August 2009 to November 2010).	September 26, 2007 ⁽¹⁾	1,217,320 (1.07%)

Name and Residence	Position with the Company	Principal Occupation During Past Five Years	Director Since	Ordinary Shares beneficially owned directly or indirectly
Peter B. Babin ⁽²⁾ Colorado, USA	Non-Executive Director	Attorney. Chief Executive Officer of CaIX Minerals, LLC (February 2011 to present); Manager, Satuit LLC (January 2004 to present); Director of DMC Newco Ltd (January 2009 to present, including Managing Director from August 2009 to May 2010), an unlisted Australian entity that was acquired by the Company on December 24, 2010.	December 24, 2010 ⁽¹⁾	3,322,384 (2.91%)
Scott G. Perry ⁽²⁾ Ontario, Canada	Non-Executive Director	Chief Executive Officer and President of AuRico Gold Inc. (July 2012 to present), Executive Vice-President and Chief Financial Officer at AuRico Gold Inc. (February 2008 to July 2012). Formerly Chief Financial Officer and director of Highland Gold Mining Limited (December 2006 to January 2008).	September 9, 2011 ⁽¹⁾	Nil (0%)
Peter Drobeck ⁽²⁾ Colorado, USA	Non-Executive Director	Director Exploration – New Projects, Silver Standard Resources (May 2012 to present). Formerly Senior Vice President Exploration, AuRico Gold Inc. (September 2008 to December 2011) and Vice President Exploration, Electrum Resources. (March 2006 to September 2008)	November 21, 2012 ⁽¹⁾	Nil (0%)

Notes:

(1) There is currently no set date when this term of office will expire.

(2) Indicates a member of the audit committee of the Board (the “**Audit Committee**”).

Subject to the approval of Resolution 1, in accordance with the Company's Constitution all directors of the Company shall be subject to re-election at each annual general meeting of Shareholders held to elect directors. Also, any director appointed as a casual vacancy is required to retire at the next annual general meeting.

No proposed director of the Company is, as at the date hereof or has been within the ten years prior to the date hereof, a director, chief executive officer or chief financial officer of any company (including Lachlan Star Limited) that was the subject of a cease trade or an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, issued: (1) while that person was acting as director, chief executive officer or chief financial officer; or (2) after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in that capacity.

Other than as described below, no proposed director (a) is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any company (including Lachlan Star Limited) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (b) has, within the 10

years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such proposed director.

No proposed director has (a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Directors' recommendation

The Directors recommend that Shareholders vote in favour of resolutions 2 to 6 other than any resolution relating to their own appointment.

8. RESOLUTION 7 – APPROVAL OF 10% PLACEMENT FACILITY

8.1 General

Listing Rule 7.1A enables 'eligible entities' to seek shareholders' approval at an AGM to issue Equity Securities (that is to say, ordinary shares or securities, such as options, convertible into ordinary shares) representing up to 10% of its issued share capital over a 12 month period after the AGM ("**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. As at the date of this Explanatory Memorandum and Management Information Circular the Company is an eligible entity.

The Company is seeking Shareholder approval to issue Equity Securities under the 10% Placement Facility over the 12 month period following the 2013 AGM.

The maximum number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 8.2(c) below).

The Directors of the Company believe that Resolution 7 is in the best interests of the Company and recommend that Shareholders vote in favour of this Resolution.

The Company notes that pursuant to the TSX Company Manual, even if shareholders approve Resolution 7, any future issuance of Equity Securities is subject to notification to and acceptance by the TSX and in certain circumstances the TSX may require that shareholder approval be obtained for an issue of Equity Securities.

8.2 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 the AGM.

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as the Company's existing quoted class of equity securities.

(c) Formula for calculating 10% Placement Facility

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

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

A is the number of Ordinary Securities on issue 12 months before the date of issue or agreement to issue:

- a. plus the number of fully paid Ordinary Securities issued in the 12 months under an exception in Listing Rule 7.2;
- b. plus the number of partly paid Ordinary Securities that became fully paid in the 12 months;
- c. plus the number of fully paid Ordinary Securities 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 Ordinary Securities under the entity's 15% placement capacity without shareholder approval; and
- d. less the number of fully paid Ordinary Securities cancelled in the 12 months.

D is 10%

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

(d) Listing Rule 7.1 and Listing Rule 7.1A

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

At the date of this Notice, the Company has on issue 114,092,871 fully paid Ordinary Securities and has a capacity to issue, subject to the passing of Resolutions 1 to 4 at the Company's Extraordinary General Meeting to be held on 4 November 2013:

- (i) 20,866,091 Equity Securities under Listing Rule 7.1.; and
- (ii) 13,910,727 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have the capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 8.2(c) above).

(e) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which days trades in those securities 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 actually issued.

(f) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the AGM until the earlier of:

- (i) the first anniversary of the AGM; or
- (ii) the date of approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period as may be allowed by ASX ("**10% Placement Period**").

8.3 Effect of passing Resolution 7

The effect of Shareholders passing Resolution 7 will be to allow the Directors to issue Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 7 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote at the AGM.

8.4 Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, the following information is provided in relation to the 10% Placement Facility:

- (a) If Resolution 7 is approved 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 below table. There is a risk that:

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

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

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of Equity Securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2, subject to the passing of Resolutions 1 to 4 at the Company's Extraordinary General Meeting to be held on 4 November 2013. The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of Equity Securities the Company has on issue. The number of Equity Securities on issue may increase as a result of issues of Equity Securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover bid), 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 the Equity Securities has decreased by 50% and increased by 50% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.08 50% decrease in Issue Price	\$0.16 Issue Price	\$0.24 50% increase in Issue Price
Current Variable A 139,107,273	10% voting dilution	13,910,727	13,910,727	13,910,727
	Funds raised	\$1,112,858	\$2,225,716	\$3,338,575
50% increase in current Variable A 208,660,910	10% voting dilution	20,866,091	20,866,091	20,866,091
	Funds raised	\$1,669,287	\$3,338,575	\$5,007,862
100% increase in current Variable A 278,214,547	10% voting dilution	27,821,455	27,821,455	27,821,455
	Funds raised	\$2,225,716	\$4,451,433	\$6,677,149

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
 - (ii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
 - (iii) 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 AGM.
 - (iv) 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.
 - (v) The issue price is \$0.16, being the closing price of Shares on ASX on 14 October, 2013.
- (b) The Company will only issue the Equity Securities during the 10% Placement Period. The approval under Resolution 7 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of the Company's activities) or Listing Rule 11.2 (disposal of the Company's main undertaking).
- (c) The Company may issue Equity Securities under the 10% Placement Facility for the following purposes:
- (i) as non-cash consideration for transactions deemed by the Board to be in the best interests of the Company. In such circumstances, the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
 - (ii) to raise additional funds. In such circumstances, the Company may use the funds raised towards potential transactions deemed by the Board to be in the best interests of the Company, continued exploration and development expenditure on the Company's current assets, general working capital, and / or debt repayment

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

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

- (i) the methods of raising funds that are then available to the Company;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from professional and corporate advisers.

Allottees under the 10% Placement Facility have not been determined as at the date of this Explanatory Memorandum, but may include existing Shareholders and/or new Shareholders who are not related parties of the Company.

Further, if the Company is successful in acquiring new resources, assets or investments, allottees under the 10% Placement Facility may include the vendors of those assets.

- (d) A voting exclusion statement is included in the Notice of Meeting. At the date of this Explanatory Memorandum the Company has not approached any existing Shareholder or an identifiable class of existing Shareholders to participate in any issue of Equity Securities under the 10% Placement Facility. No existing Shareholder's votes will therefore be excluded under the voting exclusion statement.
- (e) The Company previously obtained Shareholder approval under Listing Rule 7.1A at its AGM held on 21 November 2012. A total of 27,712,854 shares have been issued in the 12 months prior to the date of this Meeting, representing 21.8% of the number of shares and options on issue at the commencement of that 12 month period, the details of which are as follows:

Number of equity securities issued	6,765,000	500,000	221,680	14,985,598	1,865,576	3,375,000
Class of equity security	Fully paid ordinary shares	Fully paid ordinary shares	Fully paid ordinary shares	Fully paid ordinary shares	Fully paid ordinary shares	Fully paid ordinary shares
Date of issue	16 April 2013	17 May 2013	19 February 2013	2 October 2013	12 to 16 October 2012	8 November 2012
Basis on which allottees were determined	Placement to sophisticated investors	Placement to sophisticated investors	Payment of ordinary securities to Sprott Resource Lending Partnership in lieu of cash in respect of a CDN\$200,000 bonus fee payable under a Credit Agreement.	Placement to sophisticated investors	Exercise of unlisted options	Exercise of unlisted options
Issue price	A\$0.54 (CDN\$0.57)	A\$0.57 (CDN\$0.57)	A\$0.87 (CDN\$0.90)	A\$0.21 (CDN\$0.20)	A\$1.20	A\$1.20
Discount of the issue price to the market price	A premium to the A\$0.435 closing share price on ASX on 16 April 2013	A premium to the A\$0.22 closing share price on ASX on 17 May 2013	A 3.9% discount to the A\$0.905 closing share price on ASX on 19 February 2013	A premium to the \$0.20 closing share price on ASX on 2 October 2013	A 22.6% and 24.5% discount respectively to the A\$1.55 low and A\$1.59 high closing share price on ASX between 12 and 16 October 2012	A 20% discount to the A\$1.50 closing share price on ASX on 8 November 2012
Total cash consideration	CDN\$3,856,050	CDN\$285,000	Nil	CDN\$2,997,120	A\$2,238,691	\$4,050,000
Amount of consideration spent	CDN\$3,856,050	CDN\$285,000	Not applicable	CDN\$2,261,927	A\$2,238,691	\$4,050,000

Use of consideration spent	Spares inventory, capital works and working capital at the CMD Gold Mine in Chile, including the payment for mining contractors, power, cyanide and explosives	Spares inventory, capital works and working capital at the CMD Gold Mine in Chile, including the payment for mining contractors, power, cyanide and explosives	Not applicable	CDN\$500,000 part repayment of a credit facility. CDN\$1,761,927 of working capital at the Company's CMD Gold Mine in Chile, including the payment for mining contractors, power, cyanide and explosives	Working capital and mine development at the Company's CMD Gold Mine in Chile, including the payment for mining contractors, power, cyanide and explosives	Working capital and mine development at the Company's CMD Gold Mine in Chile, including the payment for mining contractors, power, cyanide and explosives
Amount of consideration unspent	Nil	Nil	Not applicable	CDN\$735,193	Nil	Nil
Intended use of consideration unspent	Not applicable	Not applicable	Not applicable	To fund development and working capital at the Company's CMD Gold Mine in Chile, including the payment for mining contractors, power, cyanide and explosives	Not applicable	Not applicable
Non-cash consideration	Nil	Nil	Bonus fee payable under a Credit Agreement	Nil	Nil	Nil
Current value of non-cash consideration	Not applicable	Not applicable	\$42,119 based on the ASX closing share price of A\$0.19 on 25 October 2013	Not applicable	Not applicable	Not applicable

Directors' recommendation

The Directors recommend that Shareholders vote in favour of this resolution.

9. RESOLUTION 8 – ISSUE OF UNLISTED OPTIONS AND ORDINARY SHARES TO EMPLOYEES

9.1 Shareholders are being asked to approve the issue of up to:

- I. an aggregate of 950,000 options ("**Employee Options**") to subscribe for fully paid Ordinary Shares exercisable at A\$0.25 per share on or before 29 November 2015, vesting immediately; and
- II. an aggregate of 725,000 fully paid Ordinary Shares (the "**Employee Shares**")

on the following terms to certain employees of or consultants to the Company at no cost and as part of their remuneration arrangements. The Employee Options expire 30 days after the allottee ceases to be an employee of the Company. The Employee Options will not be listed or quoted for trading on the ASX, the TSX or any other exchange.

9.2 The employees are not related parties of the Company under the Corporations Act.

9.3 Resolution 8 seeks Shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of these Employee Options and Employee Shares. ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities on issue at the commencement of that 12 month period. By approving this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 (subject to the passing of Resolutions 1 to 4 at the Company's Extraordinary General Meeting to be held on November 4, 2013) without the requirement to obtain prior Shareholder approval.

9.4 Shareholder approval of all security based compensation arrangements, including the issue of the above Employee Options and Employee Shares, is required pursuant to the TSX Company Manual, subject to limited exceptions that are not applicable in this case.

9.5 Information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the approval of the issue of the Employee Options and Employee Shares:

- an aggregate of up to 950,000 Employee Options and 725,000 Employee Shares are proposed to be issued on the terms set out in paragraph 9.1;
- the securities will be issued no later than 3 months after the date of the AGM and it is intended that issue will occur on the same date;

- the Company will not be raising any funds from the issue of the Employee Options or Employee Shares, but if all the Employee Options are exercised the Company will receive A\$237,500 in cash;
- The Options are not assignable and may not be amended without Shareholder approval, except as expressly set out in the terms and conditions in Annexure B.
- The Options shall be exercised within 30 days of leaving the Company's employment or ceasing to be a consultant, including in the event of retrenchment or where employment is terminated without cause, otherwise they will be cancelled.
- Ordinary Shares issued on exercise of the Employee Options will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Ordinary Shares. The Employee Shares being 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 Ordinary Shares
- the Employee Options and the Employee Shares will be issued to the following employees:

Name	Position	Employee Shares	Employee Options
Ubirata De Oliveira	Chief Executive Officer	150,000	250,000
Robert Anderson	Chief Financial Officer / Company Secretary	-	150,000
Mauricio Martinez Cavalla	General Manager	125,000	150,000
Gabriel Urra	Mine Manager	100,000	100,000
Roberto Pardo	Finance & Admin Manager	100,000	100,000
Guido Osvaldo Rojas Fuenzalida	Technical Services Manager	100,000	100,000
Katherine Zamora García	Metallurgy Superintendent	75,000	50,000
Eduardo Llanos	Plant Superintendent	75,000	50,000
Total		725,000	950,000

- the Employee Options and Employee Shares will be issued for no cash consideration. The Employee 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 Ordinary Shares. The Employee Options will be issued on the terms and conditions set out in Annexure "B" to this Explanatory Memorandum; and
- the funds raised from the exercise of the Employee Options will be used for working capital and to fund the Company's financial requirements at that time (which are presently unknown).

9.6 Additional information required by the TSX Company Manual is as follows:

- the 950,000 Employee Options and 725,000 Employee Shares proposed to be issued together represent 1.47% of the 114,092,871 Ordinary Shares outstanding as of 28 October 2013;

- the Company presently has an aggregate of 1,383,338 options issued to employees, directors, insiders and service providers (defined as persons or companies engaged to provide services for an initial, renewable or extended period of twelve months or more) currently outstanding. Such options, combined with the Employee Options and Employee Shares that are proposed to be issued represent 2.60% of the 114,092,871 Ordinary Shares outstanding as of 28 October, 2013;
- at the Extraordinary General Meeting of the Company to be held on 4 November 2013, Shareholders will be asked to, among other things, pass a resolution (the "**4th November Resolution**") to approve the issuance of 25,014,402 Ordinary Shares (as described in the notice of meeting, explanatory memorandum and information circular of the Company dated 3 October 2013, lodged with ASX on 3 October 2013 and filed on SEDAR on 16 October 2013). If the 4th November Resolution is passed and those Ordinary Shares are issued, the Company will have 139,107,273 Ordinary Shares outstanding. The 950,000 Employee Options and 725,000 Employee Shares proposed to be issued will then together represent 1.20% of the then outstanding Ordinary Shares and the 1,383,338 currently outstanding options together with the Employee Options and Employee Shares proposed to be issued will represent 2.20% of the then outstanding Ordinary Shares.
- 400,000 of the Employee Options and 150,000 of the Employee Shares are proposed to be issued to insiders of the Company, being:
 - (i) 250,000 of the Employee Options and 150,000 of the Employee Shares to the Chief Executive Officer.
 - (ii) 150,000 of the Employee Options to the Chief Financial Officer / Company Secretary.

These are the maximum number of securities any one person or company is entitled to receive under this arrangement and represents 32.84% of the total number of Employee Options and Employee Shares that are proposed to be issued, 0.48% of the number of Ordinary Shares outstanding as at 28 October 2013 and 0.40% of the number of Ordinary Shares outstanding if the 4th November Resolution is passed;

- there is no formula by which the exercise price of the Employee Options was determined. However, it is the Board of Directors' practice to set an exercise price for options at a premium to the then trading price of the Company's Ordinary Shares on the ASX. The closing price of the Ordinary Shares on the ASX on 10 October 2013 and 21 October 2013, which were the days before the Board of Directors approved the grant of the Employee Options, were A\$0.16 and A\$0.17 respectively. The A\$0.25 exercise price therefore represents premiums of 56.25% and 47.06% over such closing prices. The closing price of the Ordinary Shares on ASX on 22 October, 2013 was A\$0.155;
- the terms and conditions of the Employee Options, which are set out in Annexure "B" to this Explanatory Memorandum, include that the Employee Options are not assignable and may not be amended except as expressly set out in the terms and conditions;
- the Company has no policy in place with respect to providing financial assistance to option holders to facilitate the exercise of options.

Directors' recommendation

The Directors recommend that Shareholders vote in favour of this resolution.

10. RESOLUTION 9 – ADOPTION OF THE REMUNERATION REPORT FOR THE YEAR ENDED 30 JUNE 2013

The Directors' Report for the year ended 30 June 2013 contains a Remuneration Report, which sets out the policy for remuneration of directors and executives. In accordance with section 250R of the Corporations Act, the Company submits its Remuneration Report for the year ended 30 June 2013 to Shareholders for consideration and adoption by way of a non-binding resolution.

The vote on this resolution is advisory only and does not bind the directors or the Company, nor does it affect the remuneration paid or payable to the Company's directors or the executives. However, the Board will take the outcome of the resolution into account when considering future remuneration policy.

Section 250R(4) of the Corporations Act prohibits any votes on this resolution being cast by senior executives (or their associates) whose remuneration details are disclosed in the Remuneration Report. However, an exception to this prohibition exists to enable the Chairman to vote shareholders' undirected proxy votes. In this regard, you should specifically note that if you appoint the Chairman as your proxy and you indicate on the Proxy Form that you do not wish to specify how the Chairman should vote on resolution 9, you will be deemed to have expressly directed the Chairman to cast your votes **in favour of** resolution 9. **If you wish to appoint the Chairman as your proxy but do NOT want your votes to be cast in favour of resolution 9, you must indicate your voting intention by marking either 'against' or 'abstain' against resolution 9 in the Proxy Form.**

At the AGM there will be a reasonable opportunity for discussion of the report.

Directors' recommendation

The Directors recommend that Shareholders vote in favour of this resolution. The Directors acknowledge however that they have a personal interest in some aspects of the Remuneration Report.

11. RESOLUTIONS 10 TO 14 – ISSUE OF UNLISTED OPTIONS TO DIRECTORS

11.1 Subject to each individual director continuing as a director of the Company following the AGM, Shareholders are being asked to approve the issue of unlisted options ("**Director Options**") to five directors (Messrs Babin, McMullen, Franzmann, Perry and Drobeck) as part of their remuneration packages. All options vest immediately and expire 30 days after the allottee ceases to be a director of the Company, including in the event of retrenchment or where employment is terminated without cause.

11.2 Shareholder approval is required under the provisions of Listing Rule 10.11 in respect of all securities to be issued to directors. Further, Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the company unless the benefit falls within one of various exceptions to that prohibition. The exceptions include where the benefit is

provided with the prior approval of the members of the company in a general meeting.

- 11.3 "Related party" is widely defined and includes all directors of the company.
- 11.4 "Financial benefit" has a wide meaning and includes the issue of securities by a company. Resolutions 10-14, if passed, will confer financial benefits on the directors.
- 11.5 Shareholder approval for the issue of securities under Resolutions 10-14 is required in accordance with the provisions of ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act. The table below shows the proposed option issues to the directors.

Resolution Number	Director	Number of A\$0.25 options exercisable on or before 29/11/2015	Black-Scholes Option Pricing Model valuation
10	Peter Babin	150,000	\$7,605
11	Michael McMullen	150,000	\$7,605
12	Declan Franzmann	150,000	\$7,605
13	Scott Perry	150,000	\$7,605
14	Peter Drobeck	150,000	\$7,605
		750,000	\$38,025

- 11.6 Shareholder approval of security based compensation arrangements, including the issue of the above options, is also required pursuant to the TSX Company Manual.
- 11.7 Subject to Shareholder approval, the directors will receive the options the subject of Resolutions 10-14 for no cash consideration. To provide an indication of the value of the options, the Black-Scholes Option Pricing Model (BSOPM) for valuing options has been adopted. The valuation assumes a market value of \$0.17 per share (being the volume weighted average price of the Company's shares over the 5 trading days on ASX ending 22 October 2013), a risk free rate of 4%, and volatility of 71.9%. Using these assumptions the BSOPM values the options at approximately 5.1 cents per \$0.25 option.
- 11.8 The proposed option issue to the directors recognises their workload in relation to the CMD Gold Mine and on new venture opportunities over and above that reflected in their cash remuneration.
- 11.9 For the purposes of Chapter 2E of the Corporations Act and the TSX Company Manual (and for all other purposes), the following information is provided to Shareholders.
- 11.9.1 The proposed financial benefit to be given to each of the directors is the issue of the securities in the table below and the table below also indicates what percentage such options grants represent of the 114,092,871 Shares outstanding as of 28 October, 2013.

Director	Number of \$0.25 options exercisable on or before	Percentage of currently outstanding

	29/11/2015	Shares
Peter Babin	150,000	0.13%
Michael McMullen	150,000	0.13%
Declan Franzmann	150,000	0.13%
Scott Perry	150,000	0.13%
Peter Drobeck	150,000	0.13%

- 11.9.2 These are the maximum number of securities any one person or company is entitled to receive under this arrangement and represents all the Director Options that are proposed to be issued, 0.66% of the number of Ordinary Shares outstanding as at 28 October 2013, and 0.54% of the number of Ordinary Shares outstanding if the 4th November Resolution is passed.
- 11.9.3 In determining the number of securities to be issued and their terms and conditions, consideration was given to the relevant experience and role of each director, their respective overall remuneration terms, the number and terms of existing outstanding options granted to the directors, the current market price of the Company's Shares on the ASX and the terms of the options.
- 11.9.4 The securities will be issued for no cash consideration and will be issued on the terms and conditions set out in Annexure "B" to this Explanatory Memorandum. Such terms and conditions include that the options are not assignable and may not be amended except as expressly set out in the terms and conditions.
- 11.9.5 If Shareholders approve the issue of the Director Options to the directors and the options are exercised, this will dilute the shareholdings of the existing Shareholders. Based on the Company's issued ordinary Shares at 28 October 2013 that dilution would be a maximum of 0.66%. Based on the Company's Ordinary Shares Shares outstanding if the 4th November Resolution is passed that dilution would be a maximum of 0.54%
- 11.9.6 If any of the options are exercised and the Shares are trading at a price that is higher than the exercise price of the options, then there will be a cost to the Company on the basis that the Company could potentially have issued Shares at that time at the higher price.
- 11.9.7 If all of the options were to be exercised, the Company would receive an amount of \$187,500 in cash.
- 11.9.8 The Company has no policy in place with respect to providing financial assistance to option holders to facilitate the exercise of options.
- 11.9.9 The highest and lowest prices of the Shares on the ASX in the 12 months prior to the date of issue of this Explanatory Memorandum were:
- \$1.585 on 30 October 2012; and
 - \$0.11 on 9 July 2013
- 11.9.10 The closing price of the Shares on the ASX on 21 October 2013, which was the day before the Board of Directors approved the grant of the above options, was A\$0.17 and the above exercise prices therefore represent a premium of 47.06% over such closing price. The closing price of Shares on ASX on 22 October 2013 was A\$0.155.

11.9.11 There is no formula by which the exercise price of the options was determined. However, it is the Board of Directors' practice to set an exercise price for options at a premium to the then trading price of the Company's Shares on the ASX.

11.9.12 For the purposes of the ASX Listing Rules and Chapter 2E of the Corporations Act, the following additional information is provided:

- The remuneration paid or payable to the directors for the 12 months to 30 September 2013 is as follows:

Director's Name	Position	Remuneration
Peter Babin	Non-Executive Director	\$50,000
Michael McMullen	Non-Executive Chairman	\$352,000
Declan Franzmann	Non-Executive Director	\$194,833
Scott Perry	Non-Executive Director	\$50,000
Peter Drobeck	Non-Executive Director	\$42,979

- The current annual remuneration being paid to the directors is:

Director's Name	Position	Remuneration
Peter Babin	Non-Executive Director	\$50,000
Michael McMullen	Non-Executive Chairman	\$252,000
Declan Franzmann	Non-Executive Director	\$50,000
Scott Perry	Non-Executive Director	\$50,000
Peter Drobeck	Non-Executive Director	\$50,000

- The directors' current interests in securities of the Company, with the percentage interest based on the 114,092,871 Shares outstanding as of 28 October, 2013, are as follows:

Director's Name	Ordinary Shares	Number of \$1.20 options exercisable on or before 25/11/2013	Number of \$1.50 options exercisable on or before 25/11/2013	Percentage of outstanding Shares
Peter Babin	3,322,320	75,000	-	2.98%
Michael McMullen	2,520,212	75,000	-	2.27%
Declan Franzmann	1,217,320	100,000	-	1.15%
Scott Perry	Nil	150,000	150,000	0.26%
Peter Drobeck	Nil	-	-	-

- The directors' current interests in securities of the Company, with the percentage interest based on the 139,107,273 Shares outstanding if the 4th November Resolution is passed, are as follows:

Director's Name	Ordinary Shares	Number of \$1.20 options exercisable on or before 25/11/2013	Number of \$1.50 options exercisable on or before 25/11/2013	Percentage of outstanding Shares
Peter Babin	3,322,320	75,000	-	2.44%
Michael McMullen	2,520,212	75,000	-	1.87%
Declan Franzmann	1,217,320	100,000	-	0.95%
Scott Perry	Nil	150,000	150,000	0.22%
Peter Drobeck	Nil	-	-	-

- 11.9.13 Listing Rule 10.13 sets out a number of matters that must be included in a notice of meeting seeking an approval under Listing Rule 10.11, including the following (some of the matters have already been addressed elsewhere in this section).
- 11.9.13.1 The maximum number of securities to be issued and the names of the parties to whom they are to be issued are set out in paragraph 11.5 above.
- 11.9.13.2 If Shareholders approve the issue of these Director Options, the options will be issued no later than 1 month after the date of the AGM and will vest immediately.
- 11.9.13.3 The securities set out in paragraph 11.5 above will be issued as consideration for the performance of services by the directors and to provide an ongoing incentive for them to provide continuing commitment and effort for the Company, as outlined above. The Company recognises that the issue of securities contemplated by Resolutions 10,12,13 and 14 do not comply with Principle 8.3 of the ASX's *Principles of Good Corporate Governance and Best Practice Recommendations*, but believes nevertheless that it is justified by the need to retain and motivate directors of the calibre necessary to take the Company forward whilst at the same time conserving the Company's cash resources by paying non-executive directors' fees at a lower rate than would otherwise be required.
- 11.9.14 The Company will not be raising any funds from the issue of the securities set out in paragraph 11.5 above, but if all the options are exercised the Company will receive the funds referred to in paragraph 11.9.6 above.
- 11.9.15 Listing Rule 10.11 requires a listed company to obtain shareholder approval prior to the issue of securities to a related party. The directors in question are related parties of the Company by virtue of being directors of the Company.
- 11.9.16 The funds raised on the exercise of the Director Options will be used for working capital and to fund the Company's financial requirements at that time (which are presently unknown).
- 11.9.17 Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the options as approval is being obtained under ASX Listing Rule 10.11. Shareholders should note that the issue of the Director Options will not be included in the calculation of the Company's 15% placement capacity for the purposes of ASX Listing Rule 7.1.

Directors' Recommendation – Resolutions 10 to 14

None of Peter Babin, Michael McMullen, Declan Franzmann, Scott Perry or Peter Babin wishes to make a recommendation to Shareholders about the proposed resolution approving the issue of securities to himself because he has an interest in the outcome of that resolution. However, each of them recommends that Shareholders vote in favour of the resolutions to which they are not a party. Each director made his recommendation after considering alternatives, such as a higher cash based component of remuneration.

To the extent permitted by law, the Chairman intends to vote undirected proxies in favour of resolutions 10 to 14.

The issuance of options or bonus shares detailed in this Notice of Meeting, if approved by shareholders, will not exceed the "insider participation limit" detailed in the TSX Company Manual. This means that the number of the Company's Ordinary Shares:

i) issued to insiders of the Company, within any one year period, and

ii) issuable to insiders of the Company, at any time,

under the arrangements detailed herein, or when combined with all of the listed issuer's other security based compensation arrangements, will not exceed 10% of the Company's total issued and outstanding securities.

ENQUIRIES

Shareholders are asked to contact the Company Secretary, Mr Robert Anderson, on (+61 8) 9481 0051 if they have any queries in respect of the matters set out in these documents.

MANAGEMENT INFORMATION CIRCULAR

STATEMENT OF CORPORATE GOVERNANCE

Corporate Governance

The Company's board consists of five members. Messrs. Babin, Perry and Drobeck are considered to be "independent" directors for the purposes of National Instrument 58-101 "Disclosure of Corporate Governance Practices" ("NI 58-101"). As such, over half of the Company's directors are independent. Mr. Franzmann is not considered to be independent on the basis that he was the Managing Director of the Company (which is equivalent to the Chief Executive Officer) until April 30, 2013. Mr. McMullen is not considered independent on the basis that he is the Executive Chairman of the Company.

The Board of Directors facilitates its exercise of independent judgement in carrying out its responsibilities by the independent directors acting in their capacity as independent director. In addition, the Board of Directors will hold in camera meetings for the independent directors as needed and in accordance with applicable laws, all directors will declare conflicts and abstain from voting where a conflict exists.

Certain directors of the Company are directors of other reporting issuers (or the equivalent) in Canada or foreign jurisdictions, as set out below:

Michael McMullen	Nevada Iron Ltd. (ASX), Stillwater Mining Company (NYSE)
Scott Perry	AuRico Gold Inc. (TSX, NYSE)

The Company's independent directors do not hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. In order to facilitate open and candid discussion among its independent directors, as circumstances dictate, the non-independent directors and any representatives of management in attendance at meeting of the Board of Directors are excused while the independent directors hold in camera sessions.

Mr. Michael McMullen serves as Executive Chairman of the Board of Directors and is a non-independent director. Mr. McMullen's duties as chairman include settling the agenda for, and leading, meetings of the directors. The chairman is also responsible, in consultation with the Board of Directors, for interpreting and monitoring the Company's compliance with its continuous disclosure obligations under applicable stock exchange rules and securities legislation. Messrs. Babin, Perry and Drobeck, the independent directors, have adequate experience and knowledge to provide their own leadership as independent directors.

During the most recently completed financial year there have been nine formal Board meetings. Attendance by each director is noted in the table below.

	(a)	(b)
SG Perry	9	9
PB Babin	9	9
MJ McMullen	9	9
DT Franzmann	9	9
P Drobeck (appointed November 22, 2012)	5	5

(a) Number of meetings attended

(b) Number of meetings held during period of office

Mandate of the Board of Directors

The Board of Directors does not have a written mandate. Under applicable corporate law, the Board of Directors is responsible for setting the strategic direction and establishing the policies of the Company. Otherwise the Board of Directors delineates its own role and responsibilities. The Board of Directors is responsible for overseeing the Company's financial position, and for monitoring its business and affairs on behalf of the shareholders, by whom the directors are elected and to whom they are accountable. The Board of Directors also addresses issues relating to internal controls and risk management. In addition to these duties, the Board of Directors monitors and receives advice on areas of operational and financial risk and control framework, and considers strategies for appropriate risk management arrangements. The Board of Directors holds regular meetings to discuss operational matters, and holds strategy meetings and other special purpose meetings at such other times as may be necessary to address any specific significant matters that may arise.

Position Descriptions

The Board of Directors has not developed a written position description for the Executive Chairman of the Board of Directors, however his general responsibilities are included in his consultancy agreement with the Company.

The mandate of the Audit Committee provides that the chairman of the Audit Committee shall be determined by the Board of Directors and shall not be the Chairman of the Board of Directors. The mandate of the Audit Committee also provides that its chairman thereof shall report the results of the Audit Committee's deliberations and recommendations directly to the Board of Directors.

No individual is currently appointed to the position of Managing Director.

Orientation and Continuing Education

New directors do not participate in a formal orientation regarding the role of the Board, its committees and its directors, and the nature and operations of the business of the Company, however they do receive a letter of appointment that sets out remuneration and expenses, insurance and indemnity arrangements, time commitment envisaged, the requirements to disclose the director's interests and any matters that affect the director's independence, the powers and duties of directors, the Company's policy in trading in securities, access to independent professional advice, and confidentiality and rights of access to corporate information. Orientation and education activities are also undertaken on an *ad hoc* basis for existing board members including meeting with the Company's management, external legal counsel and auditors, and

other external consultants as is appropriate or desirable from time to time by the directors. The Company is of the view that these orientation and education activities are appropriate given the nature and scope of the Company's business activities. Each director also has the right to seek independent professional advice at the Company's expense provided that prior approval of the Chairman is obtained, which will not be unreasonably withheld.

Ethical Business Conduct

The Board acknowledges the need for continued maintenance of the highest standards of corporate governance practice and ethical conduct by all directors and employees. The Company's executive directors are involved in all aspects of its business. The directors are familiar with listing rules, legal requirements and general requirements for ethical behaviour and integrity in decision making, including trading in the Company's securities. The Company has adopted a written code of business conduct for its directors, officers and employees. This code may be obtained from the Company upon request. The Board of Directors monitors compliance with the code of business conduct by requiring employees and consultants to report breaches of the Code and then dealing appropriately with reported breaches. In accordance with the provisions of the code of business conduct and applicable corporate law, the directors ensure that any director or executive officer who has a material interest in proposed transactions or agreements involving the Company disclose such interest prior to consideration of the relevant matter by the directors and abstain from voting on approval of such transactions as appropriate.

Nomination of Directors

The Board of Directors believes that the Company is currently not of sufficient size to justify the establishment of a nomination committee.

The Board of Directors reviews its composition on an annual basis to ensure that the Board of Directors has the appropriate mix of expertise and experience. When a vacancy exists or where it is determined that the Board of Directors would benefit from the services of a new director with particular skills, the Board of Directors will identify candidates with relevant qualifications, skills and experience. External advisers may be used to assist in such a process. The Board of Directors will then appoint or present for election the most suitable candidate.

Compensation

The Board considers that the Company is not currently of a size to justify the formation of a Remuneration Committee. The Board as a whole is responsible for the remuneration arrangements for directors and executives of the Company, including evaluating the performance of the Company's management. If the Company's activities increase in size, scope and/or nature the appointment of a Remuneration Committee will be reviewed by the Board and implemented if appropriate.

Compensation levels for directors and officers are competitively set to attract and retain appropriately qualified and experienced directors and senior executives. The Board obtains, when required, independent advice on the appropriateness of remuneration packages, given trends in comparative companies both locally and internationally. No such independent advice was received during the year ending June 30, 2013.

Compensation arrangements include a mix of fixed and performance based compensation. A component of share-based compensation is awarded at the discretion of the Board, subject to shareholder approval when required. Compensation structures take into account the overall level of compensation for each director and executive, the capability and experience of the directors and senior executives, the executive's ability to control the financial performance of the relative business or geographical segment, the consolidated entity's performance (including earnings and the growth in share price), and the amount of any incentives within each executive's remuneration.

Committees of the Directors

The Board of Directors has no standing committees other than the Audit Committee.

Assessments

The Board of Directors meets annually to review its own performance. Evaluations are based on criteria including whether strategic and operational objectives are being met. The Board of Directors have not established formal assessments of the effectiveness and contribution of individual directors or the Audit Committee. However, assessments may be undertaken on an informal basis. The directors may, in the future, adopt a process of formal written assessments as to their individual effectiveness.

STATEMENT OF EXECUTIVE COMPENSATION

Named Executive Officers

The Company's compensation practices are designed to attract, motivate and retain highly qualified employees and executives to manage the business of the Company by rewarding individual and corporate performance and aligning the interests of the Named Executive Officers (as defined in Form 51-102F6 — *Statement of Executive Compensation*) (the "**Named Executive Officers**" or "**NEOs**") with the Shareholders.

As at June 30, 2013, the Company had the following three NEOs:

- Michael McMullen (Executive Chairman);
- Robert Anderson (Chief Financial Officer / Company Secretary);
- Ubiratan De Oliveira (Chief Operating Officer);

Summary Compensation Table - NEOs

The Company become a reporting issuer in Canada on October 19, 2011. Summary compensation for NEOs for the years ending June 30, 2013 and June 30, 2012 is presented below:

Name and principal position	Year	Salary (A\$) ⁽³⁾	Option based awards(A\$)	Non-equity incentive plan compensation: annual incentive plans (A\$) ⁽⁹⁾	All other compensation (\$A) ⁽⁵⁾	Total compensation (A\$)
Declan Franzmann (Managing Director to April 30, 2013, then non-executive director) ⁽¹⁾⁽⁴⁾	2013	276,900	-	-	-	276,900
	2012	420,000	296	90,000	-	510,296
Robert Anderson (Chief Financial Officer / Company Secretary) ⁽¹⁾	2013	220,000	-	-	-	220,000
	2012	220,000	222	35,000	-	255,222
Michael McMullen (Executive Chairman) ⁽¹⁾⁽⁴⁾	2013	360,000	-	-	-	360,000
	2012	360,000	222	100,000	-	460,222
Ubiratan De Oliveira (Chief Operating Officer) ⁽²⁾⁽⁸⁾	2013	303,514	2,340	-	-	303,514
	2012 ⁽⁶⁾	34,247	-	-	-	34,247
Gaston di Parodi (General Manager CMD Gold Mine) ⁽⁷⁾	2012	227,232	-	24,168	415	251,815

Notes:

- 1) The executive management services that Mr. McMullen, Mr. Anderson, and Mr. Franzmann provide to the Company are all provided through Wildeville Enterprises Pty Ltd. ("**Wildeville**"), Hyndford Holdings Pty Ltd. ("**Hyndford**"), and Citraen Pty Ltd ("**Citraen**"), respectively. See "*Statement of Executive Compensation — External Management Companies*" below. The Company did not pay any compensation directly to Mr. McMullen, Mr. Anderson, or Mr. Franzmann.
- 2) Ubiratan De Oliveira commenced employment on May 22, 2012. His option based awards vested on May 22, 2013.
- 3) Mr. McMullen, Mr. Anderson, and Mr. Franzmann's salary is denominated in A\$. Mr. De Oliveira's salary is denominated in US\$ translated to A\$ at the prevailing rate at the end of each month when paid. The average translation rate for the year ending June 30, 2013 was A\$:US\$ of 1:1.0273 and for the year ending June 30, 2012 was A\$:US\$ of 1:0.998. Mr di Parodi's compensation was denominated in Chilean Peso translated to US\$ at the prevailing rate at the end of each month when paid, then translated to A\$ at the average rate A\$ / US\$ exchange rate for the year. The average translation rate for the year ending June 30, 2012 was US\$:Peso of 1:510, and the

average A\$/US\$ exchange rate for the year ending June 30, 2012 of 1:1.034. Option based awards and annual incentive plans are all denominated in A\$.

- 4) Mr. McMullen and Mr Franzmann are directors of the Company. The compensation in the table above includes both their position as a director and as a NEO whilst acting as an NEO. Mr Franzmann's compensation from May 1, 2013 of \$10,433 relates to his performance as a non-executive director (\$8,333) and as a consultant (\$2,100) and is included in table under "Directors' Compensation" below.
- 5) "All Other Compensation" is comprised of notional interest payments on loans previously made by the Company to the NEO at a rate of 7%. There were no loans outstanding from the Company to NEOs as at September 30, 2013.
- 6) From 22 May 2012.
- 7) Mr. di Parodi resigned on September 20, 2012.
- 8) Appointed as Chief Executive Officer on October 1, 2013.
- 9) Annual incentive plan compensation represents a short term cash bonus attributable to the year ending June 30, 2012. For Messrs. Franzmann, McMullen and Anderson the bonus was due and payable 50% on April 23, 2012, and 50% on October 23, 2012. As at June 30, 2012 the following annual incentive plan compensation due and payable at April 23, 2012 had been deferred for payment at the election of the NEO: (a) McMullen (\$50,000), (b) Franzmann (\$45,000) and (c) Anderson (\$17,500). All the annual incentive plan compensation due and payable attributable to the year ending June 30, 2012 had been paid by June 30, 2013. The annual incentive plan compensation for Mr di Parodi in the prior period was paid under a workers collective agreement.

In the table above, the fair value of options is calculated at the date of grant using the Black-Scholes Option Pricing Model. This methodology was selected given its prevalence of use for valuing options and because it provides a meaningful and reasonable estimate of fair value. This is consistent with the accounting values used in the Company's financial statements.

Mr de Oliveira's options were granted on April 30, 2012, issued on November 30, 2012, and vested on May 22, 2013. Their option value is included in the table above. No other options were issued during the year ending June 30, 2013.

The following factors and assumptions were used in determining the fair value of options issued during the year ending June 30, 2012.

NEO	Grant date	Expiry date	Fair value per option	Exercise price at issue date	Price of shares at grant date	Expected volatility	Risk free interest rate	Dividend yield
Franzmann, Anderson, McMullen	30/11/2011	25/11/2013	\$0.003	\$1.20	\$0.89	8.2%	6%	0%
Franzmann, Anderson, McMullen	30/11/2011	25/11/2013	\$0.000	\$1.50	\$0.89	8.2%	6%	0%
De Oliveira	30/04/2012	22/5/2015	\$0.119	\$2.10	\$1.52	20.3%	5%	0%
De Oliveira	30/04/2012	22/5/2015	\$0.056	\$2.50	\$1.52	20.3%	5%	0%

Compensation Discussion and Analysis - NEOs

The objective of the Company's compensation strategy is to compensate NEOs such that they are motivated to pursue the long-term growth and success of the Company and there is a clear relationship between performance and compensation.

The Company aims to reward NEOs with a level of remuneration commensurate with their position and responsibilities within the Company and so as to: (a) align the interests of the

NEOs with the interests of the Shareholders; (b) ensure rewards are consistent with the strategic goals and performance of the Company; and (c) ensure total remuneration is competitive.

The elements of compensation earned, awarded or paid to the NEOs can include annual compensation in the form of a base salary including the superannuation (pension) contribution required under the *Superannuation Guarantee (Administration) Act 1992* (Cth) (the “**Superannuation Act**”), fixed allowances/benefits, short term cash bonuses and long term incentives through the grant of options and Ordinary Shares. See “*Compensation Discussion and Analysis – NEOs – Pension Plans – Superannuation*” for additional details on superannuation.

Compensation structures take into account the overall level of compensation for each director and executive, the capability and experience of the directors and senior executives, the executive’s ability to control the financial performance of the relative business or geographical segment, the Company’s performance (including earnings and the growth in share price), and the amount of any incentives within each executive’s remuneration.

When setting executive compensation for the financial year ended June 30, 2013, the Board did not take into consideration the Company’s reported earnings. No dividends were paid or declared.

Base Salary

A NEO’s base salary is set so as to provide a base level of remuneration which is both appropriate to the position and competitive in the industry.

Fixed remuneration is reviewed annually by the Board and the process consists of a review of companywide, business unit and individual performance, relevant comparative remuneration in the market and in the Company and, where appropriate, external advice on policies and practice. Although the Company does not engage in formal benchmarking, and does not target compensation at a specific level based on its comparative review, the Company will consult publicly available information for general industry knowledge. The remuneration levels for the following companies were consulted during this comparative review. These companies are considered to provide a representative cross section of the Company’s peers within the mining industry. The Company aims to pay at least the median compensation for comparable positions within its peers, recognising that differences in roles and responsibilities exist within individual organisations.

Perseus Mining Limited
Troy Resources Limited
Mirabela Nickel Limited
Beadell Resources Limited
Independence Group NL
Saracen Mineral Holdings Limited
Straits Resources Limited
Northern Star Resources Ltd
Regis Resources Limited
Silver Lake Resources Ltd
Northern Iron Limited

As required under the Superannuation Act, NEOs who are employees and are Australian residents are entitled to receive superannuation (pension) contributions which are a percentage of their base salary. See "*Compensation Discussion and Analysis – NEOs – Pension Plans – Superannuation*".

Compensation arrangements can include a mix of fixed and performance based compensation. A component of share-based compensation is awarded at the discretion of the Board, subject to Shareholder approval when required.

Annual Bonus

No short term cash bonus was awarded during the year ending June 30, 2013. A short term cash bonus was awarded during the prior year to executive directors and the Chief Financial Officer based on the successful listing of the Company on the TSX and the progress made in developing the CMD Gold Mine (the "**CMD Gold Mine**"). For Messrs. Franzmann, McMullen and Anderson the bonus was due and payable 50% in April 2012, and 50% in October 2012. The bonus for Mr di Parodi is paid under a workers collective agreement.

Long Term Incentives

The objective of the Company's long term incentive policy is to reward executives and senior managers in a manner which aligns an element of their remuneration with the creation of shareholder wealth, as measured by increases in the price and value of the Company's Ordinary Shares. Given the speculative nature of the Company's activities and the small executive team responsible for its running, it is believed that the performance of the Company's executives and the performance and value of the Company's Ordinary Shares are closely related. As such, options are designed to only be of benefit to the NEOs if they perform to the level whereby the value of the Company increases sufficiently to warrant exercising the options granted.

The Company does not have an employee stock option plan. However, the Company does from time to time issue options to purchase Ordinary Shares to selected directors, officers and employees. The Board has sole discretion to determine to whom option grants should be made and to determine the terms and conditions of any such options. The number and terms of outstanding options are taken into consideration when determining whether and how many new options should be granted. Under ASX listing rules, grants of options to directors are subject to Shareholder approval. Until such time as the Company adopts a stock option plan that is approved by the Shareholders, under the TSX Company Manual, all grants of stock options will be subject to Shareholder approval, subject to limited exceptions set out in the TSX Company Manual.

Previous grants of option-based awards are taken into account when considering new grants and option strike prices are typically set at a minimum premium of 25% above the five-day volume weighted average price of the Ordinary Shares prior to the Company approving the option issue.

From time to time the Board also makes grants of Ordinary Shares to NEOs of the Company. The Board believes that the grant of Ordinary Shares immediately aligns an NEO's interest with the interests of shareholders. Previous grants of Ordinary Shares are taken into account when the Board considers making an additional grant.

Grants of long term incentives in the form of options and Ordinary Shares are generally determined by reference to market conditions, industry practice, and the amount of cash compensation paid to that NEO. Given the evolving nature of the Company's business,

the Company's overall compensation plan is under constant review so as to continue to address its objectives.

The process for determining executive compensation is based predominately on Board discussion with currently no formal key performance indicators, criteria or analysis set by the Board for the executives. The Managing Director and Chairman regularly review the compensation packages of the executive team, and make recommendations to the Board with respect to these packages. Approval of the executive compensation packages is by Board approval, and in the case where an executive is also a director, that executive is not eligible to vote on the relevant compensation package.

Compensation Governance

The Company does not have a compensation committee, nor has it engaged in either of the two most recently completed financials years or at any time since the most recently completed financial year a compensation consultant to assist the directors in determining compensation for any of the Company's directors or executive officers. The Board as a whole has the responsibility for determining compensation, in accordance with the process set out herein.

In light of the current stage of development of the Company and the limited elements of executive compensation (salary, annual bonus and long-term incentives), at this time the Board of Directors has not formally assessed the implications of the risks associated with the Company's compensation policies and practices. Stock options and Ordinary Shares are granted to retain NEOs and motivate the NEOs by rewarding sustained, long-term development and growth that will result in increases in stock value. There is no formal process for assessing when stock options are to be granted rather they are granted at a time determined necessary by the Board in their discretion.

The Board has adopted a policy that prohibits those that are granted share-based payments as part of their remuneration from entering into other arrangements that limit their exposure to losses that would result from share price decreases. The Company requires all executives and directors to sign annual statements of compliance with this policy throughout the period.

Consulting Agreements

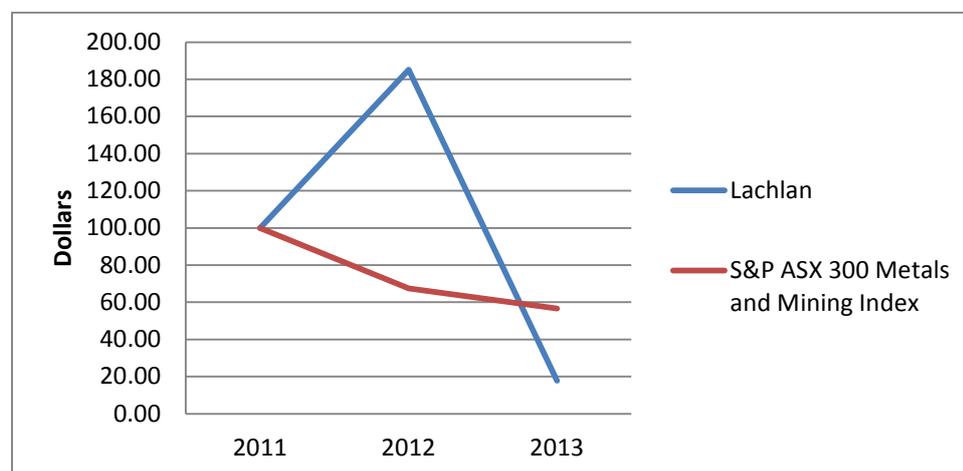
The executive management services that Mr. McMullen and Mr. Anderson provide to the Company are provided through Wildeville Enterprises Pty Ltd. ("**Wildeville**") and Hyndford Holdings Pty Ltd. ("**Hyndford**") respectively. See "*Statement of Executive Compensation — External Management Companies*".

Mr. De Oliveira is engaged through an employment agreement with no fixed expiry date. Termination by the Company is with six months' notice or payment in lieu thereof. Termination by the employee is with six months' notice.

Performance Graph

Given the consolidated entity's focus during the year on developing the CMD Gold Mine acquired in December 2010, the Board did not have regard to the consolidated entity's reported earnings in the current year in setting remuneration. A short term cash bonus was awarded during the year ended June 30, 2012 to executive directors and the Chief Financial Officer based partly on the successful listing of the Company on the TSX, and as such, the trend shown by the graph does relate to the short term cash bonus paid to executives in that year. The Company listed on the Toronto Stock Exchange on October 19, 2011 and has only been a reporting issuer in Canada since that time.

The following graph compares, assuming an initial investment of \$100, the yearly change in the Company's cumulative total shareholder return on its Shares against the value of the S&P/ASX 300 Metals and Mining Index since the period the Company became a reporting issuer in Canada (as adjusted for the Company's 1 for 60 share consolidation in June 2011).



Option-Based Awards

The Board has determined to issue 250,000 Employee Options to the Chief Executive Officer, 150,000 Employee Options to the Chief Financial officer / Company Secretary, and 550,000 Employee Options to other employees subject to TSX and any other regulatory approvals. The Board has also determined to issue 150,000 Director Options to the Executive Chairman subject to TSX and any other regulatory approvals. The Shareholders will consider approving the grant of such options at the Meeting.

The following table summarizes the terms of the Director Options and Employee Options to be issued, subject to the approvals noted above, to Named Executive Officers (as defined therein) of the Company.

Option-based Awards					
Name	Number of securities underlying unexercised options	Option exercise price (A\$)	Option expiration date	Value of unexercised in-the-money options (A\$) ⁽¹⁾	Vesting Date
Michael McMullen	150,000	0.25	2 years from the date of issue	-	The date of issue
Ubiratan de Oliveira	250,000	0.25	2 years from the date of issue	-	The date of issue
Robert Anderson	150,000	0.25	2 years from the date of issue	-	The date of issue

Notes:

1. Based on the closing price of the Ordinary Shares on the ASX of A\$0.155 on 22 October, 2013 and subtracting the exercise price of the options. These options have not been, and may never exercised and actual gains, if any, on exercise will depend on the value of the Ordinary Shares on the date of exercise.

Pension Plans

The Company does not have a pension plan and has not provided any pension plan benefits to its NEOs.

Superannuation

As required by applicable law in Australia, the Company is required to make a minimal annual contribution to the nominated superannuation funds of Australian employees of 9.25% of gross annual salary. Subject to the prevailing legislation, employees are able to elect a higher rate at which the Corporation contributes. Superannuation is paid only to NEOs who are Australian residents and who are employees of the Company and not to NEOs who are engaged as consultants. Therefore, in respect of the most recently completed financial year, as the Company's NEOs are consultants or non-residents of Australia, superannuation was not paid to the NEOs.

Incentive Plan Awards – NEOs

The following table provides information regarding the incentive plan awards outstanding as of June 30, 2013 for each NEO. There were no share based awards outstanding at this date.

Name	Option-based awards			Value of unexercised in-the-money options (A\$) ⁽¹⁾
	Number of securities underlying unexercised options	Option exercise price (A\$)	Option expiration date	
Michael McMullen	75,000	1.20	November 25, 2013	Nil
Robert Anderson	75,000	1.20	November 25, 2013	Nil
Ubiratan de Oliveira	100,000	2.10	May 22, 2015	Nil
Ubiratan de Oliveira	100,000	2.50	May 22, 2015	Nil

Note:

- (1) Based on the closing price of the Ordinary Shares on the ASX of A\$0.12 on June 30, 2013 and subtracting the exercise price of the options. These options have not been, and may never be exercised and actual gains, if any, on exercise will depend on the value of the Ordinary Shares on the date of exercise.

The terms of additional options to be issued to Ubiratan De Oliveira, Michael McMullen and Robert Anderson subject to TSX and any other regulatory approvals, are set out in the table under the heading "Option-Based Awards" above.

Incentive Plan Awards — Value Vested or Earned During the Year

All unlisted options issued to NEOs during the year ended June 30, 2013 vested during the year. The value vested or earned during the year for incentive plan awards was as follows:

Name and principal position	Option based awards- value vested during the year (A\$) ⁽¹⁾	Non-equity incentive plan compensation - value earned during the year (A\$) ⁽²⁾
Robert Anderson (Chief Financial Officer / Company Secretary)	Nil	Nil
Michael McMullen (Executive Chairman)	Nil	Nil
Ubiratan De Oliveira (Chief Operating Officer) ⁽³⁾	2,340	Nil

Notes:

1. All option based awards were issued with an exercise price in excess of the share price at the time of issue
2. Short term cash bonus, refer "Annual Bonus" above
3. Option- based awards represent the value of options granted during the period valued using an option pricing model. This methodology was selected given its prevalence of use for valuing options and because it provides a meaningful and reasonable estimate of fair value. This is consistent with the accounting values used in the Company's financial statements.

Options vest in accordance with their terms. The exercise price is set at a premium to the prevailing share price as determined by the Board. There are no performance goals attached to options. The exercise price of the options issued during the most recently completed financial year was higher than the closing market price on the grant date.

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one Ordinary Share of the Company with full dividend and voting rights.

Directors' Compensation

The following table sets forth the amount of all compensation provided to the directors of the Company for the year ended June 30, 2013.

Name	Fees earned (A\$)	Option-Based Compensation (A\$) ⁽²⁾	All Other Compensation (A\$) ⁽¹⁾	Total (\$A)
Peter Babin (Non-Executive Director)	50,000	-	-	50,000
Scott Perry (Non-Executive Director)	50,000	-	-	50,000
Declan Franzmann (Non-Executive Director from May 1, 2013)	10,433 ⁽⁶⁾	-	-	10,433
Peter Drobeck (Non-Executive Director) ⁽⁴⁾	30,479	-	-	30,479

Notes:

- 1) "All Other Compensation" is comprised of superannuation entitlements under Australian law. See "Compensation Discussion and Analysis" for NEOs above.
- 2) "Option- Based Compensation" represents the value of options granted during the period valued using an option pricing model. This methodology was selected given its prevalence of use for valuing options and because it provides a meaningful and reasonable estimate of fair value. This is consistent with the accounting values used in the Company's financial statements.
- 3) Mr Franzmann became a non-executive director effective May 1, 2013. Prior to that he was an NEO and director of the Company and his compensation for that period is provided in the section "Summary Compensation Table" above. The amounts paid to him for that period are not split between his role as an officer and director.

- 4) Mr. Drobeck was appointed a director on November 22, 2012.
- 5) Compensation for Mr McMullen, who is a director and NEO of the Company, is provided in the section "Summary Compensation Table" above. The amounts paid to him are not split between his role as an officer and director.
- 6) Includes \$2,100 consulting fees

Compensation Discussion and Analysis - Directors

During the most recently completed financial year, each non-executive director received fees for services rendered during that year as shown in the above table. Directors are also reimbursed for all reasonable expenses incurred in their capacity of directors. Generally, directors of the Company do not receive additional amounts for committee participation or special assignments, however, should the non-executive directors provide services in excess of those expected of such a position, the Company will provide reasonable remuneration for those services. There are no other arrangements under which directors were compensated for their services as directors or as consultants or experts during the Company's most recently completed financial year.

The Company previously announced that the non-executive directors would be paid their 2014 financial year non-executive director fees by means of the Company's Equity Securities. After further consideration this will no longer occur, and those fees will be paid in cash.

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, at a reasonable cost to the Company.

The ASX listing rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by the Shareholders in a general meeting. An amount not exceeding that amount is then divided between the directors as agreed. The latest determination was at a general meeting on November 7, 2001 when Shareholders approved aggregate remuneration of A\$250,000 per year.

Non-executive directors may also be awarded options with the approval of Shareholders. The issue of options to non-executive directors is considered an appropriate method of aligning interests of directors with Shareholders, providing sufficient incentive and reward for directors whilst maintaining cash reserves.

The Board reviews the remuneration packages for the non-executive directors on an annual basis. The Board considers fees paid to non-executive directors of comparable companies when undertaking the annual review process. Comparable companies considered are set out below. These companies are considered to provide a representative cross section of the Company's peers within the mining industry. The Company aims to pay at least the median compensation for comparable positions within its peers, recognising that differences in roles and responsibilities exist within individual organisations.

Perseus Mining Limited
Troy Resources Limited
Mirabela Nickel Limited
Beadell Resources Limited
Independence Group NL
Saracen Mineral Holdings Limited
Straits Resources Limited
Northern Star Resources Ltd

Regis Resources Limited
Silver Lake Resources Ltd
Northern Iron Limited

Incentive Plan Awards – Directors

The following table provides information regarding the incentive plan awards for each director, other than those included as NEOs in the section “*Incentive Plan Awards – NEOs*” above, outstanding as of June 30, 2013. There were no other share based awards outstanding at this date.

Name	Option-based awards			Value of unexercised in-the-money options (A\$) ⁽²⁾
	Number of securities underlying unexercised options	Option exercise price (A\$)	Option expiration date	
Declan Franzmann ⁽¹⁾	100,000	1.20	November 25, 2013	Nil
Peter Babin	75,000	1.20	November 25, 2013	Nil
Scott Perry	150,000	1.20	November 25, 2013	Nil
Scott Perry	150,000	1.50	November 25, 2013	Nil

Notes:

(1) Mr. Franzmann transitioned from a NEO to a non-executive director on May 1, 2013.

(2) Based on the closing price of the Ordinary Shares on the ASX of A\$0.17 on June 30, 2013 and subtracting the exercise price of the options. These options have not been, and may never exercised and actual gains, if any, on exercise will depend on the value of the Ordinary Shares on the date of exercise.

There were no options issued during the year ended June 30, 2013. The value vested or earned during the year for incentive plan awards was as follows:

Name and principal position	Option based awards– value vested during the year (A\$)
Peter Babin (Non-Executive Director)	Nil
Scott Perry (Non-Executive Director)	Nil
Declan Franzmann(Non-Executive Director)	Nil

The Board has determined to issue 600,000 Director Options to directors, other than those included as NEOs, subject to TSX and any other regulatory approvals. The Shareholders will consider approving the grant of such options at the Meeting.

The following table summarizes the terms of the Director Options to be issued to directors of the Company, other than those included as NEOs, subject to the approvals noted above.

Option-based Awards

Name	Number of securities underlying unexercised options	Option exercise price (A\$)	Option expiration date	Value of unexercised in-the-money options (A\$) ⁽¹⁾	Vesting Date
Peter Babin	150,000	0.25	2 years from the date of issue	-	The date of issue
Declan Franzmann	150,000	0.25	2 years from the date of issue	-	The date of issue
Scott Perry	150,000	0.25	2 years from the date of issue	-	The date of issue
Peter Drobeck	150,000	0.25	2 years from the date of issue	-	The date of issue

Notes:

- (1) Based on the closing price of the Ordinary Shares on the ASX of A\$0.155 on 22 October, 2013 and subtracting the exercise price of the options. These options have not been, and may never exercised and actual gains, if any, on exercise will depend on the value of the Ordinary Shares on the date of exercise.

External Management Companies

Neither Mr. McMullen nor Mr. Anderson is an employee of the Company as their services to the Company are provided through consultancy agreements (each a “**consultancy agreement**”) with Wildeville and Hyndford, respectively. The consultancy agreements have the common material terms described below.

The consultancy agreements do not contain any change of control provisions.

The Company may terminate the consultancy agreement immediately by notice to the consultant company if the consultant company or the individual providing the consulting services on behalf of the consulting company (the “**consultant**”) is guilty of misconduct (including, without limitation, wilful misconduct, fraud or dishonesty) in relation to the affairs of the Company, or the consultant company or the consultant is charged with any offence which, in the reasonable opinion of the Board, has injured, or would tend to injure, the reputation or business of the Company, or the consultant company is guilty of any material or persistent default, breach, non-observance or non-performance of any of the terms or conditions of this agreement, or the consultant company goes into liquidation (except voluntary liquidation for the purpose of amalgamation or reconstruction) or has an administrator appointed to it, or a receiver or receiver and manager is appointed over the whole or any part of its undertaking or assets or if the consultant commits an act of bankruptcy or ceases for any reason to be eligible to hold office as a director of a company, or becomes permanently incapacitated by accident or illness from performing the services set out in the consultancy agreement, or by giving one month’s notice. For the purposes of the above paragraph, incapacity rendering the consultant unable to perform the services set out in the consultancy agreement (the “**Services**”) for a period aggregating more than three months in any six month period or for any period beyond three consecutive months, is taken to be permanent incapacity, but these periods may be reviewed at the discretion of the Company.

The consultant company may terminate the consultancy agreement immediately by notice to the Company if the Company enters into liquidation (except voluntary liquidation for the purpose of amalgamation or reconstruction) or has an administrator appointed to it, or a receiver or receiver and manager is appointed over the whole or any part of the undertaking or assets of the Company, or the Company requires the consultant company over a period aggregating more than 30 days in any two month period or for any period beyond 60 consecutive days to perform tasks or services which are materially different to the Services and substantially inconsistent with the consultant’s

experience, expertise or qualifications by giving not less than one months' prior notice of termination unless agreed otherwise with the Board.

Nothing contained in or implied by the consultancy agreement prevents the consultant company from providing or agreeing to provide to any other person, firm or company services the same as or similar to the Services provided that the provision of such services does not in any way impair or hinder the performance by the Consultant of its duties under the consultancy agreement.

Current maximum consultancy fees payable under the consultancy agreement with Wildeville are \$360,000 per annum plus GST, however given Lachlan's financial performance in the June 2013 financial year and the 25% fall in the gold price from 1 July 2012 to 30 June 2013, Wildeville has taken a 30% reduction in cash remuneration effective 1 August 2013, with that reduction reduced to 15% should the gold price reach US\$1,500, and reduced to zero should the gold price reach US\$1,600. The consultancy agreement expires on July 31, 2014.

Current maximum consultancy fees payable under the consultancy agreement with Hyndford are \$220,000 plus GST per annum, however given Lachlan's financial performance in the June 2013 financial year and the 25% fall in the gold price from 1 July 2012 to 30 June 2013, Hyndford has taken a 30% reduction in cash remuneration effective 1 August 2013, with that reduction reduced to 15% should the gold price reach US\$1,500, and reduced to zero should the gold price reach US\$1,600. The consultancy agreement expires on July 31, 2014.

Termination and Change of Control Benefits

The terms of the NEOs' consultancy agreements relating to termination provisions are set out in sections "*External Management Companies*", above.

In the event of the Company being acquired by a third party and Mr. De Oliveira is made redundant, the Company will pay him the equivalent of six months' salary as compensation. There are no contracts, agreements, plans or arrangements that provide for payments to any other NEO at, following or in connection with change in control of the Company.

The termination payment applicable to the employment agreement with Mr. De Oliveira is 6 months' salary.

The maximum amount payable for a termination event on June 30, 2013 would have been:

<u>Name</u>	<u>Termination payable</u>
	(A\$)
Michael McMullen	360,000 ⁽¹⁾
Robert Anderson	220,000 ⁽²⁾
Ubiratan De Oliveira	169,473

Notes:

(1) Reduced to \$30,000 effective August 1, 2013

(2) Reduced to \$18,333 effective August 1, 2013

Equity compensation plans

The Company does not have a formal equity compensation plan. However, the Company does from time to time issue options to purchase Ordinary Shares and/or grant other equity compensation to selected directors, officers and employees. The Board has

sole discretion to determine to whom option grants should be made or any other form of equity compensation should be granted and the terms and conditions of any such options or equity compensation. The number and terms of outstanding options and the past grant of other forms of equity compensation (if any) are taken into consideration when determining whether and how many new options or other form of equity compensation should be granted. Pursuant to the listing rules of the ASX, all option grants to directors are subject to approval of the Shareholders. Pursuant to the TSX Company Manual, all security based compensation arrangements (including stock option grants or any other compensation involving the issuance or potential issuance of securities of an issuer) will require the approval of Shareholders, subject to limited exceptions, until such time, if any, as the Company adopts and the Shareholders approve a formal stock option or equity compensation plan. The following table summarizes the Company's stock option arrangements in place with respect to its directors, officers and employees as of June 30, 2013.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by securityholders	1,712,588	A\$1.46	Nil
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	1,712,588	A\$1.46	Nil

Note:

- 1) The Board has determined to issue an aggregate of 250,000 Employee Options and 150,000 Employee Shares to the Chief Operating Officer subject to the passing of Resolutions 1 to 4 at the Company's Extraordinary General Meeting to be held on November 4, 2013 and to TSX and any other regulatory approvals. These Employee Options and Employee Shares are not included in the above table.

The weighted average exercise price includes 329,250 options issued with an exercise price of CDN\$1.60 per option, translated to A\$ at an A\$/CDN\$ exchange rate of 1:1.0366.

Indebtedness of directors and executive officers

No directors or executive officers or employees, or former executive officers, directors or employees, of the Company or any of its subsidiaries are indebted to the Company or any of its subsidiaries.

The Company does not have any securities purchase programme or any other lending or credit support programme.

Interest of Informed Persons in Material Transactions

No informed person or any proposed nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has a material interest, direct or

indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction that has materially affected or would materially affect the Company or any of subsidiaries.

Interest of Certain Persons or Companies in Matters to be Acted Upon

Other than the election of a particular director in which such nominee has an interest, no person who has been a director or executive officer of the Company at any time since the beginning of the Company's last financial year, no proposed nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has a material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in the matters to be acted upon at the Meeting.

Auditors and Audit Committee

The auditors of the Company are PricewaterhouseCoopers, having an address at, Brookfield Place, 125 St Georges Terrace, Perth WA 6000. They were appointed prior to August 2008.

For information regarding the Company's Audit Committee, please refer to the Company's Annual Information Form for the year ended June 30, 2013, available on SEDAR at www.sedar.com.

Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com. Financial information is provided in the Company's comparative financial statements and management discussion and analysis ("**MD&A**") for its most recently completed financial year. The Company will provide to any person, upon request to the Company Secretary, a copy of the Company's Annual Report for the year ended June 30, 2013 which includes the financial statements of the Company for the most recently completed financial year and the audit report issued thereon and/or one copy of the Company's MD&A in respect of such financial year.

Copies of the above document will be provided free of charge to Shareholders. The Company may require the payment of a reasonable charge by any person or company who is not a Shareholder of the Company, and who requests a copy of such document. Additional information relating to the Company can be found at www.asx.com.au or at www.sedar.com.

Shareholders can contact the Company Secretary, at +61 (08) 481 0051 if they have any queries in respect of the matters set out in these documents.

Approval of this Explanatory Memorandum and Management Information Circular

The contents and the sending of this Explanatory Memorandum and Management Information Circular have been approved by the Directors of the Company.

By order of the Board of Directors

Mr Robert Anderson
Company Secretary
Dated 29 October, 2013

GLOSSARY

10% Placement Facility has the meaning given in section 8.1.

A\$ means Australian dollar

Annual Report means the Company's annual report for the year ended 30 June 2013 containing the Financial Report, the Directors' Report and the Audit Report.

Annual General Meeting or **AGM** means the meeting convened by this Notice of Meeting.

Associate has the meaning given to it by Division 2 of Part 1.2 of the Corporations Act.

ASX means ASX Limited.

ASX Listing Rules or **Listing Rules** means the Listing Rules of the ASX.

Auditor's Report means the auditor's report on the Financial Report.

Board means the current board of directors of the Company.

CDN\$ means Canadian dollar

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

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

Company or **Lachlan Star** means Lachlan Star Limited (ABN 88 000 759 535).

Constitution means the Company's constitution.

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

Directors mean the current directors of the Company.

Directors' Report means the annual directors' report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities.

Explanatory Memorandum means the explanatory memorandum accompanying the Notice of Meeting.

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

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing

and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Notice of Meeting or **Notice of Annual General Meeting** means this notice of Annual General Meeting including the Explanatory Memorandum.

Option means an option to acquire a Share.

Ordinary Securities has the same meaning as set out in the Listing Rules.

Proxy Form means the proxy form attached to the Notice of Meeting.

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

Share means a fully paid ordinary share in the Company.

Shareholder means a holder of a Share.

Share Registrar means Computershare Investor Services Pty Limited.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

TSX means the Toronto Stock Exchange.

VWAP means volume weighted average price.

WST means the time in Perth, Western Australia.

ANNEXURE "A"

EXISTING LACHLAN STAR CONSTITUTION CLAUSE 13.1

13.1 Number of Directors

The Company shall at all times have at least 3 Directors. The number of Directors shall not exceed 9. The Company may, by ordinary resolution, increase or reduce the number of Directors and may also determine in what rotation the increased or reduced number is to go out of office.

REPLACEMENT LACHLAN STAR CONSTITUTION CLAUSE 13.1

13.1 Number of Directors

The Company shall at all times have at least 3 Directors. The number of Directors shall not exceed 9. The Company may, by ordinary resolution, increase or reduce the number of Directors.

EXISTING LACHLAN STAR CONSTITUTION CLAUSE 13.2

13.2 Rotation of Directors

Subject to clause 17.4, at the Company's first annual general meeting after incorporation, all the Directors shall retire from office, and at the annual general meeting in every subsequent year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director except a Managing Director shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself for re-election. The Directors to retire at an annual general meeting other than the first annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots. A retiring Director is eligible for re-election. An election of Directors shall take place each year.

REPLACEMENT LACHLAN STAR CONSTITUTION CLAUSE 13.2

13.2 Re-election of Directors

All the Directors (including any Managing Directors) shall retire from office at each annual general meeting of the Company. A retiring Director is eligible for re-election. An election of Directors shall take place each year.

EXISTING LACHLAN STAR CONSTITUTION CLAUSE 13.4

13.4 Additional Directors

The Directors may at any time appoint a person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but so that the total number of Directors does not at any time exceed the maximum number specified by this

Constitution. Any Director so appointed holds office only until the next following general meeting and is then eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

REPLACEMENT LACHLAN STAR CONSTITUTION CLAUSE 13.4

13.4 Additional Directors

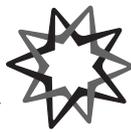
The Directors may at any time appoint a person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but so that the total number of Directors does not at any time exceed the maximum number specified by this Constitution. Any Director so appointed holds office only until the next following general meeting and is then eligible for re-election in accordance with clause 13.2.

ANNEXURE "B"

TERMS AND CONDITIONS OF \$0.25 OPTIONS

1. The options will be issued for no consideration.
2. A certificate will be issued for the options.
3. The options will expire on 29 November 2015 ("**expiry date**") and may be exercised at any time prior to or on the expiry date.
4. Subject to conditions 12 and 13, each option is a right in favour of the option holder to subscribe for 1 fully paid ordinary share in the capital of the Company ("**share**").
5. The exercise price of the options is \$0.25 ("**exercise price**") each and will be payable in full on exercise.
6. Options are exercisable by the delivery to the registered office of the Company of a notice in writing stating the intention of the option holder to exercise all or a specified number of the options held by the option holder accompanied by an option certificate and a cheque made payable to the Company for the subscription price for the exercise of the specified options. An exercise of only some of the options will not affect the rights of the option holder to the balance of the options held by him.
7. The Company will allot the resultant shares and deliver the holding statement within 5 business days after the exercise of the option.
8. The options will not be listed for official quotation on ASX Limited ("**ASX**").
9. There will be no participating entitlements inherent in the options to participate in new issues of capital that may be offered to shareholders during the currency of the options. Prior to any new pro-rata issue of securities to shareholders, holders of options will be notified by the Company in accordance with the requirements of the ASX Listing Rules.
10. In the event the Company proceeds with a pro-rata issue (except a bonus issue) of the securities to the holders of shares after the date of issue of the options, the exercise price of the options will be adjusted in accordance with a formula set out in ASX Listing Rule 6.22.2, with such adjustment to take effect on and from the final date of issue of the securities comprised in that issue. Such adjustment shall not require Shareholder approval.
11. In the event of a bonus issue of securities, the number of shares over which the options are exercisable may be increased by the number of shares that the option holders would have received if the options had been exercised before the record date for the bonus issue. Such increase shall not require Shareholder approval.
12. In the event of a reconstruction, including the consolidation, subdivision, reduction or return of issue capital of the Company prior to the expiry date, all rights of an option holder are to be changed in a manner consistent with the ASX Listing Rules. Any such changes consistent with the ASX Listing Rules shall not require Shareholder approval.

13. There is no right to a change in the exercise price of the options or to the number of shares over which the options are exercisable in the event of a new issue of capital (other than a bonus issue or a pro rata issue) during the currency of the options.
14. Shares allotted pursuant to an exercise of options will rank, from the date of issue, equally with existing ordinary fully paid shares of the Company in all respects.
15. In accordance with the ASX Listing Rules the Company will apply for Official Quotation of all shares allotted pursuant to an exercise of options.
16. The options shall be exercised within 30 days of leaving the Company's employment or ceasing to be a consultant, including in the event of retrenchment or where employment is terminated without cause, otherwise they will be cancelled.
17. The options shall not be assignable and may not be amended without Shareholder approval, except as expressly set out in these terms and conditions.



Lodge your vote:

  **Online:**
www.investorvote.com.au

 **By Mail:**
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

000001 000 LSA
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form



Vote and view the annual report online

Go to www.investorvote.com.au or scan the QR Code with your mobile device.
Follow the instructions on the secure website to vote.



Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999 PIN: 99999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

 **For your vote to be effective it must be received by 11:00am (WST) Wednesday 27 November 2013**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** →

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Lachlan Star Limited hereby appoint

the Chairman of the Meeting OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Lachlan Star Limited to be held at Lower Ground Floor, 57 Havelock Street, West Perth, Western Australia on Friday, 29 November 2013 at 11:00am (WST) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 8-14 (except where I/we have indicated a different voting intention below) even though Resolutions 8-14 are connected directly or indirectly with the remuneration of a member of the key management personnel, which includes the Chairman.

Important Note: For Resolution 11, this express authority is also subject to you marking the box in the section below.

If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 8-14 by marking the appropriate box in step 2 below.

Important for Resolution 11: If the Chairman of the Meeting is your proxy and you have not directed the Chairman how to vote on Resolution 11 below, please mark the box in this section. If you do not mark this box and you have not otherwise directed your proxy how to vote on Resolution 11, the Chairman of the Meeting will not cast your votes on Resolution 11 and your votes will not be counted in computing the required majority if a poll is called on this resolution. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 11 of business.

I/We acknowledge that the Chairman of the Meeting may exercise my/our proxy even if the Chairman has an interest in the outcome of Resolution 11 and that votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
Resolution 1 Adoption of Amended Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Mr Peter Babin as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Re-election of Mr Michael McMullen as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Re-election of Mr Declan Franzmann as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Re-election of Mr Scott Perry as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Re-election of Mr Peter Drobeck as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	For	Against	Abstain
Resolution 8 Issue of Unlisted Options and Ordinary Shares to Employees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9 Adoption of The Remuneration Report for the Year Ended 30 June 2013	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10 Issue of Unlisted Options to Director - Mr Peter Babin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11 Issue of Unlisted Options to Director - Mr Michael McMullen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12 Issue of Unlisted Options to Director - Mr Declan Franzmann	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 13 Issue of Unlisted Options to Director - Mr Scott Perry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 14 Issue of Unlisted Options to Director - Mr Peter Drobeck	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /