



REDSTONE RESOURCES LIMITED  
ABN: 42 090 169 154

NOTICE OF ANNUAL GENERAL MEETING  
AND  
EXPLANATORY MEMORANDUM

For the Annual General Meeting of the Shareholders

of

Redstone Resources Limited

to be held on

Monday 30 November 2009 at 2.00pm (WST) at

Country Women's Association WA (Inc) House

1176 Hay Street

(second building from Havelock Street)

West Perth, Western Australia

This Notice of Annual General Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

**REDSTONE RESOURCES LIMITED**  
**ABN 42 090 169 154**  
**NOTICE OF ANNUAL GENERAL MEETING**

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Notice is given that the Annual General Meeting (**AGM**) of Redstone Resources Limited (**the Company**) will be held at Country Women's Association of WA (Inc) House, 1176 Hay Street, West Perth Western Australia, at 2.00pm Western Standard Time on Monday, 30 November 2009.

The attached Explanatory Memorandum is provided to supply Shareholders with information to enable them to make an informed decision regarding the resolutions set out in this Notice.

The Explanatory Memorandum is intended to be read in conjunction with and forms part of this Notice. Terms and abbreviations used in this Notice are defined in the Glossary contained in the Explanatory Memorandum.

**AGENDA**

**Financial Report**

To receive and consider the financial report of the Company and the reports of the Directors and auditors to the Company for the year ended 30 June 2009.

**Resolution 1 – Re-election of Mr Richard Homsany**

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

“That Mr Richard Homsany, being a Director who retires pursuant to the Constitution, and having offered himself for re-election and being eligible for re-election, is hereby re-elected as a Director.”

**Resolution 2 – Election of Mr Barry Joseph Woodhouse**

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

“That Mr Barry Joseph Woodhouse, being a Director who retires pursuant to the Constitution, and having offered himself for election and being eligible for election, is hereby elected as a Director.”

**Resolution 3 – Adoption of the Remuneration Report (Non-Binding)**

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

“That for the purposes of section 250R(2) of the Corporations Act and for all other purposes the Remuneration Report be adopted.”

**Note:** This resolution shall be determined as if it were an ordinary resolution, albeit non-binding and advisory only. Under section 250R(3) of the Corporations Act the vote on Resolution 4 does not bind the Directors or the Company.

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**Resolution 4 – Ratification and Approval of Previous Issue and Allotment of Shares and Options to MBAC Opportunities and Financing Inc.**

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

“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders hereby ratify and approve the issue and allotment by the Company of 2,000,000 Shares and 1,000,000 free attaching Options, to MBAC Opportunities and Financing Inc. on 22 June 2009 on the terms and conditions and in the manner described in the Explanatory Memorandum.”

**Voting Exclusion**

For the purposes of ASX Listing Rule 7.4, the Company will disregard any votes cast on this resolution by MBAC Opportunities and Financing Inc. and any of its associates.

However, the Company will not disregard a vote if:

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

**Resolution 5 – Ratification and Approval of Previous Issue and Allotment of Shares to HJH Nominees Pty Limited**

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

“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders hereby ratify and approve the issue and allotment by the Company of 2,500,000 Shares to HJH Nominees Pty Limited on the terms and conditions and in the manner described in the Explanatory Memorandum.”

**Voting Exclusion**

For the purposes of ASX Listing Rule 7.4, the Company will disregard any votes cast on this resolution by HJH Nominees Pty Limited and any of its associates.

However, the Company will not disregard a vote if:

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

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**Resolution 6 – Ratification and Approval of Previous Issue and Allotment of Shares**

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

“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders hereby ratify and approve the issue and allotment by the Company of 3,575,000 Shares to various investors on the terms and conditions and in the manner described in the Explanatory Memorandum.”

**Voting Exclusion**

For the purposes of ASX Listing Rule 7.4, the Company will disregard any votes cast on this resolution by a person who participated in the issue and any associate of such a person.

However, the Company will not disregard a vote if:

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

**Resolution 7 – Approval of Issue and Allotment of Shares to HJH Nominees Pty Ltd**

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

"That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, the Company is authorised to issue and allot up to 2,500,000 Shares to HJH Nominees Pty Ltd or its nominee, for the purposes, on the terms and conditions and in the manner set out in the Explanatory Memorandum."

**Voting Exclusion**

For the purposes of ASX Listing Rule 7.1, the Company will disregard any votes cast on this resolution by HJH Nominees Pty Limited and any of its associates.

However, the Company will not disregard a vote if:

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

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**Resolution 8 – Approval of Issue and Allotment of Shares and Options**

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

"That, for the purpose of ASX Listing Rule 7.1 and all other purposes, the Company is authorised to issue and allot up to 18,647,225 Shares and 11,111,112 Options for the purposes, on the terms and conditions and in the manner set out in the Explanatory Memorandum."

**Voting Exclusion**

For the purposes of ASX Listing Rule 7.1, the Company will disregard any votes cast on this resolution by a person who might obtain a benefit (other than a benefit solely in the capacity of a holder of ordinary shares) if the resolution is passed and any associate of such a person.

However, the Company will not disregard a vote if:

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

**Resolution 9 – Approval of Issue and Allotment of Options to Director**

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

"That, for the purpose of Chapter 2E of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue and allot 2,500,000 Options to Mr Richard Homsany and/or his nominee(s) on the terms and conditions and in the manner set out in the Explanatory Memorandum."

**Voting Exclusion**

The Company will disregard any votes cast on this resolution by Mr Richard Homsany and/or his nominee(s) or any of his associates.

However, the Company will not disregard a vote if:

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

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**Resolution 10 – Approval of Employee Share Option Plan**

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

"That, for the purpose of ASX Listing Rule 7.2 Exception 9(b) and for all other purposes, approval is hereby given for the grant of Options under the Company's Employee Share Option Plan, and the issue and allotment of fully paid ordinary shares in the capital of the Company pursuant to those Options, from time to time upon the terms and conditions specified in the rules of the Employee Share Option Plan (which are summarised in the Explanatory Memorandum) as an exception to ASX Listing Rule 7.1."

**Voting Exclusion**

In accordance with ASX Listing Rules 7.2 Exception 9.2(b) and 14.11 the Company will disregard any votes cast on this resolution by a director of the Company (except a director who is ineligible to participate in any employee incentive scheme in relation to the Company) or by an associate of the director.

However, the Company will not disregard a vote if:

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

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**Other Business**

To deal with any other business that may be brought forward in accordance with the Constitution and the Corporations Act.

**EXPLANATORY MEMORANDUM**

Shareholders are referred to the Explanatory Memorandum accompanying and forming part of this Notice of Meeting.

**Voting and Proxies**

**Voting Entitlements**

The Company has determined, in accordance with regulation 7.11.37 of the Corporations Regulations 2001 (Cth), that the Shares quoted on the Australian Stock Exchange Limited at the end of day on 28 November 2009 shall be taken, for the purposes of the Annual General Meeting, to be held by the persons who held them at that time. Accordingly, those persons are entitled to attend and vote (if not excluded) at the Meeting.

**Proxies**

A Shareholder who is entitled to attend and vote has a right to appoint a proxy to attend and vote instead of the Shareholder. A proxy need not be a Shareholder and can be either an individual or a body corporate. If a Shareholder appoints a body corporate as a proxy that body corporate will need to ensure that it:

- appoints an individual as its corporate representative to exercise its powers at the meeting, in accordance with section 250D of the Corporations Act); and
- provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the meeting.

If such evidence is not received before the meeting, then the body corporate (through) its representative will not be permitted to act as proxy.

A member that is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the Shareholder's votes.

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A proxy form accompanies this Notice and to be effective the proxy form and the power of attorney or other authority (if any) under which it is signed (or a certified copy) must be received by the Company no later than 48 hours before the commencement of the Meeting, at:

- Redstone Resources Limited registered office, Suite 3 110-116 East Parade, East Perth WA 6004; or
- by facsimile to the Company on facsimile number (08) 9328 2660 (International: + (61 8) 9328 2660);
- by post to Redstone Resources Limited, PO Box 8646, Perth Business Centre, Western Australia, 6849; or
- return the proxy form to the offices of the Share Registry: Advanced Share Registry, PO Box 1156 Nedlands, WA 6909.

Proxies must be received by the Company no later than 48 hours prior to the commencement of the Meeting. Any proxy form received after that time will not be valid for the Meeting.

Proxies given by corporate Shareholders must be executed in accordance with their constitutions, or signed by a duly authorised attorney. A proxy may decide whether to vote on any motion, except where the proxy is required by law or the Constitution to vote, or abstain from voting, in their capacity as proxy.

If a proxy is directed how to vote on an item of business, the proxy may vote on that item only in accordance with that direction. If a proxy is not directed how to vote on an item of business, a proxy may vote as he or she sees thinks fit. If a Shareholder appoints a proxy and does not specify how the chairperson is to vote on an item of business, the chairperson will vote, as proxy for that Shareholder, in favour of that item on a poll.

**BY ORDER OF THE BOARD OF DIRECTORS**

**Miranda Conti**  
COMPANY SECRETARY  
REDSTONE RESOURCES LIMITED

Dated this 29<sup>th</sup> day of October 2009

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**EXPLANATORY MEMORANDUM**

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This Explanatory Memorandum and all attachments are important documents. They should be read carefully.

If you have any questions regarding the matters set out in this Explanatory Memorandum or the preceding Notice, please contact the Company, your stockbroker or other professional advisor.

**General Information**

This Explanatory Memorandum has been prepared to assist Shareholders to understand the business to be put to Shareholders at the forthcoming Annual General Meeting to be held on 30 November 2009.

The purpose of the Explanatory Memorandum is to provide Shareholders with information that the Board believes to be material to Shareholders in deciding whether or not to approve the above resolutions in the Notice (of which this Explanatory Memorandum forms a part).

**AGENDA**

**Financial Report**

The Corporations Act requires:

- the reports of the Directors and auditors; and
- the annual financial report, including the financial statements of the Company for the year ended 30 June 2009,

to be laid before the Annual General Meeting. Neither the Corporations Act nor the Constitution requires a vote of Shareholders on the reports or statements. However, Shareholders at the Meeting will be given reasonable opportunity to raise questions or comments.

Reasonable opportunity will also be given to Shareholders at the Meeting to ask the Company's auditor questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

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**Resolution 1 - Re-election of Mr Richard Homsany**

Rule 8.1(d) of the Constitution requires that at every annual general meeting of the Company, one third of Directors (after excluding a Director who is the managing Director or any Director appointed by the Board since the date of the last annual general meeting of the Company), or if this number of Directors is 5 or less, then 2 of the remaining Directors, must retire from office and if eligible seek re-election in accordance with Rule 8.1(i) of the Constitution.

Accordingly, Mr Richard Homsany retires by rotation and offers himself for re-election.

The experience, qualifications and other information about Mr Homsany can be found in the Company's 2009 Annual Report.

**The Directors (excluding Mr Homsany) recommend that Shareholders vote in favour of Resolution 1.**

**Resolution 2 - Election of Mr Barry Joseph Woodhouse**

Rule 8.1(c) of the Constitution requires that any Director appointed by the Board since the last annual general meeting of the Company who is not the Managing Director holds office only until the conclusion of the next annual general meeting of the Company following his or her appointment. Accordingly, any such Director must automatically retire from office at the next annual general meeting of the Company, and being eligible may seek election in accordance with Rule 8.1(i) of the Constitution.

Mr Barry Woodhouse was appointed as a non-executive Director since the date of the last annual general meeting of the Company. Under the Constitution he holds office only until this Meeting and therefore offers himself for election.

The experience, qualifications and other information about Mr Woodhouse appear below:

**Mr Barry Joseph Woodhouse** (Age 43) (Non-Executive Director) – Appointed 1 October 2009

Mr Woodhouse has significant experience in mineral and oil exploration and production industries having held a number of senior positions, including financial controller, company secretary and director, with companies operating in these sectors. Mr Woodhouse is particularly experienced in the establishment, listing, management, and administration of junior listed companies as well as the rejuvenation and recapitalisation of companies.

Mr Woodhouse has held office as a director and/or company secretary of other ASX listed public companies including Cooper Energy Limited, NGM Resources Limited, Aviva Corporation Limited, Hodges Resources Limited, Golden Tiger Resources Limited and KTL Technologies Limited.

**The Directors (excluding Mr Woodhouse) recommend that Shareholders vote in favour of Resolution 2.**

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**Resolution 3 - Adoption of the Remuneration Report (Non-Binding)**

As required by section 250R of the Corporations Act, a resolution that the Remuneration Report be adopted is put to vote.

The Remuneration Report is set out on pages 9 to 13 of the Annual Report. The vote on this item is advisory only and does not bind the Directors or the Company, however the Company will take the outcome into consideration when reviewing remuneration practices and policies. There will be reasonable opportunity for Shareholders to comment on and ask questions about the Remuneration Report.

**The Directors recommend that Shareholders vote in favour of Resolution 3.**

**Resolutions 4 to 6: Ratification and Approval of Previous Issue and Allotment of Shares and Options**

**ASX Listing Rule 7.4**

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, equity securities (which include shares) that exceed 15% of the total number of ordinary securities on issue in any 12 month period, unless approval is obtained from the holders of the company's ordinary securities.

ASX Listing Rule 7.4 provides that the approval of holders of the company's ordinary shares may be obtained after the issue of equity securities. The effect of such ratification is to restore the company's discretionary power to issue further Shares up to 15% of the number of ordinary shares on issue at the beginning of the relevant 12 month period without obtaining shareholder approval.

The approval of Resolutions 4 to 6 will enable the Company at any time during the next 12 months to issue equity securities up to the 15% threshold set out in ASX Listing Rule 7.1 without the Shares described below the subject of Resolutions 4 to 6 counting towards that 15% threshold.

**Resolution 4 – Ratification of Previous Issue and Allotment of Shares and Options to MBAC Opportunities and Financing Inc.**

**Background**

As announced to the ASX on 22 June 2009, the Company issued and allotted 2,000,000 Shares together with 1,000,000 free attaching Options to MBAC Opportunities and Financing Inc. in consideration for US\$250,000 as part of the Sale and Joint venture Agreement over the Company's Aneba (Potassium) and Apui (Phosphate) Projects in Brazil.

Resolution 4 seeks Shareholder ratification of the prior issue and allotment of these 2,000,000 Shares and 1,000,000 Options for the purposes of ASX Listing Rule 7.4 and for all other purposes.

**ASX Listing Rule 7.5 Disclosure Requirements**

The following information is provided in accordance with ASX Listing Rule 7.5:

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- (a) A total of 2,000,000 Shares and 1,000,000 Options were issued and allotted.
  - (b) The 2,000,000 Shares were issued at A\$0.155 to raise US\$250,000.
  - (c) The 2,000,000 Shares rank equally in all respects with all other ordinary shares in the capital of the Company.
  - (d) The 1,000,000 Options are exercisable at A\$0.25 each on or before 17 June 2011, on the terms and conditions set out in Annexure A.
  - (e) The 2,000,000 Shares and 1,000,000 Options were issued and allotted to MBAC Opportunities and Financing Inc.
  - (f) The funds raised from the issue will be used for working capital.

**The Directors recommend that Shareholders vote in favour of Resolution 4.**

**Resolution 5 – Ratification of Previous Issue and Allotment of Shares to HJH Nominees Pty Limited**

**Background**

As announced on 13 October 2009, the Company issued and allotted 2,500,000 Shares to HJH Nominees Pty Ltd pursuant to a sale and joint venture agreement in relation to the Company's Baggaley Hills Project.

Resolution 5 seeks Shareholder ratification of the prior issue and allotment of these 2,500,000 Shares for the purposes of ASX Listing Rule 7.4 and for all other purposes.

**ASX Listing Rule 7.5 Disclosure Requirements**

The following information is provided in accordance with ASX Listing Rule 7.5:

- (a) A total of 2,500,000 Shares were issued and allotted.
- (b) The 2,500,000 Shares were issued at A\$0.10 per Share to raise A\$250,000.
- (c) The 2,500,000 Shares rank equally in all respects with all other ordinary shares in the capital of the Company.
- (d) The 2,500,000 Shares were issued and allotted to HJH Nominees Pty Ltd.
- (e) The funds raised from the issue will be used for working capital.

**The Directors recommend that Shareholders vote in favour of Resolution 5.**

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**Resolution 6 – Ratification of Previous Issue and Allotment of Shares to Investors**

**Background**

As announced on 13 October 2009, the Company issued and allotted 3,575,000 Shares to various sophisticated and private investors pursuant to subscriptions received from them.

Resolution 6 seeks Shareholder ratification of the prior issue and allotment of these 3,575,000 Shares for the purposes of ASX Listing Rule 7.4 and for all other purposes.

**ASX Listing Rule 7.5 Disclosure Requirements**

The following information is provided in accordance with ASX Listing Rule 7.5:

- (a) A total of 3,575,000 Shares were issued and allotted.
- (b) The 3,575,000 Shares were issued at A\$0.09 per Share to raise A\$321,750.
- (c) The 3,575,000 Shares rank equally in all respects with all other ordinary shares in the capital of the Company.
- (d) The 3,575,000 Shares were issued and allotted to various sophisticated and private investors who were not related parties or their associates.
- (e) The funds raised from the issue will be used to progress exploration and commence a drilling program on certain of the Company's West Musgrave Projects and provide further working capital.

**The Directors recommend that Shareholders vote in favour of Resolution 6.**

**Resolutions 7 to 9: Approval of Issue and Allotment of Shares and Options**

**ASX Listing Rule 7.1**

ASX Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12 month period which, when aggregated with the equity securities issued by a company during the previous 12 months, will exceed 15% of the total number of fully paid ordinary shares on issue in the company at the beginning of the 12 month period, except with the prior approval of shareholders.

Resolutions 7 to 9 seek Shareholder approval under ASX Listing Rule 7.1 for the issue and allotment of Shares and Options. The effect of such approval is that any such Shares and Options will be not be counted as reducing the number of equity securities which the Company can issue without Shareholder approval under the limit imposed by ASX Listing Rule 7.1.

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**Resolution 7 – Approval of Issue and Allotment of Shares to HJH Nominees Pty Ltd**

**Background**

Resolution 7 seeks Shareholder approval for the Company to issue and allot 2,500,000 Shares to HJH Nominees Pty Limited or its nominee, these Shares forming the second tranche of placement securities as part of a farm in agreement in relation to the Company's Baggaley Hills Project.

The 2,500,000 Shares are agreed to be issued at A\$0.10 per Share to raise funds of A\$250,000.

**ASX Listing Rule 7.3 Disclosure Requirements**

The following information is provided in accordance with ASX Listing Rule 7.3:

- (a) A maximum of 2,500,000 Shares will be issued and allotted.
- (b) The 2,500,000 Shares will be issued and allotted no later than 3 months after the date of the Meeting, or such later date as may be approved by ASX.
- (c) The 2,500,000 Shares will be issued at A\$0.10 per Share to raise A\$250,000.
- (d) The 2,500,000 Shares will rank equally in all respects with all other ordinary shares in the capital of the Company.
- (e) The 2,500,000 Shares will be issued and allotted to HJH Nominees Pty Limited or its nominee.
- (f) Funds raised from the issue will be used for working capital purposes.

**The Directors recommend that Shareholders vote in favour of Resolution 7.**

**Resolution 8 – Approval of Issue and Allotment of Shares and Options**

**Background**

As announced on 13 October 2009, the Company obtained commitments for subscriptions of A\$2,000,000 by the placement of 22,222,224 Shares to sophisticated and private investors at A\$0.09 per Share together with one free attaching Option for every two Shares applied for. These Placement Options will be exercisable at A\$0.25 cents per Share on or before 30 November 2012.

Of these placement securities, 3,575,000 Shares for a total A\$321,750 were issued and allotted on 13 October 2009 (up to the Company's 15% threshold under ASX Listing Rule 7.1), whilst the balance of 18,647,224 of the Shares (**Placement Shares**) and all 11,111,112 free attaching Options (**Placement Options**) will be issued and allotted if Shareholder approval is obtained.

**ASX Listing Rule 7.3 Disclosure Requirements**

The following information is provided in accordance with ASX Listing Rule 7.3:

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- (a) A maximum of 18,647,224 Placement Shares and 11,111,112 Placement Options will be issued.
  - (b) The Placement Shares and Placement Options will be issued and allotted no later than 3 months after the date of the Meeting, or such later date as may be approved by ASX.
  - (c) The Placement Shares will be issued at A\$0.09 per Share to raise A\$1,678,250 and the Placement Options will be issued on the terms and conditions set out in Annexure B.
  - (d) The Placement Shares issued will rank equally in all respects with all other ordinary shares in the capital of the Company.
  - (e) The Placement Shares and Placement Options will be issued and allotted to various sophisticated and private investors, but will not be related parties or their associates.
  - (f) Funds raised from the issue of the Placement Shares and the Placement Options will be used for working capital purposes and to commence a drilling program on certain of the Company's West Musgrave Projects.

**The Directors recommend that Shareholders vote in favour of Resolution 8.**

### **Resolution 9 – Approval of Issue and Allotment of Options to Director**

#### **General**

The Board has resolved, subject to obtaining Shareholder approval, to issue and allot 2,500,000 Director Options to Mr Richard Homsany (and/or his nominee(s)) on the terms and conditions set out below.

#### **Corporation Act and ASX Listing Rules Requirements**

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. In particular section 208 of the Corporations Act prohibits, subject to specified exceptions, a company giving a financial benefit to a related party of the company without prior shareholder approval.

A "financial benefit" is defined in the Corporations Act in broad terms and includes a public company issuing shares, options and other securities.

Section 208 of the Corporations Act provides that for a public company to give a financial benefit to a related party of the public company, the public company must:

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

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

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

The grant of Director Options to Mr Richard Homsany requires the Company to obtain Shareholder approval because the grant of the Director Options constitutes a financial benefit and as a Director, Mr Homsany is a related party to the Company.

It is the view of the Directors that the exceptions set out in Sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly Shareholder approval is sought for the grant of Director Options to Mr Homsany.

Pursuant to the exception in Listing Rule 7.1(14), approval under Listing Rule 7.1 is not required in order to issue the Director Options to Mr Homsany as approval is being obtained under Listing Rule 10.11.

Accordingly, the issue of Director Options to Mr Homsany will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

**Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 Disclosure Requirements**

Pursuant to and in accordance with the requirements of Sections 217 to 227 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Director Options:

- (a) The related party is Mr Homsany (and/or his nominee(s)) by virtue of being a Director.
- (b) The maximum number of Director Options being granted to Mr Homsany (or his nominee(s)) is 2,500,000.
- (c) The Director Options will be granted to Mr Homsany no later than one month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules).
- (d) The Director Options will be issued for nil consideration as they being issued for the purpose set out in (k) below and, accordingly no funds will be raised.
- (e) The terms and conditions of the Director Options are set out in Annexure C.
- (f) The value of the Director Options and the pricing methodology is set out below under the heading 'Valuation of Director Options'.
- (g) The relevant interests of Mr Homsany in securities of the Company, as at the date of this Notice, are in 1,000,000 Options exercisable at \$0.95 each on or before 30 November 2012 and 500,000 Options exercisable at \$1.20 each on or before 30 November 2012.
- (h) The remuneration and emoluments from the Company to Mr Homsany for the current financial year and previous financial year are \$55,000 per annum.
- (i) If the Director Options granted to Mr Homsany are exercised a total of 2,500,000 Shares would be allotted and issued. This will increase the number of Shares on issue from 85,245,722 to 87,745,722 (assuming that no other Options are exercised

**REDSTONE RESOURCES LIMITED**  
**ABN 42 090 169 154**

**EXPLANATORY MEMORANDUM**

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and no other Shares are issued except Shares issued upon exercise of the Director Options) with the effect that the shareholding of existing Shareholders would be diluted by 2.93%.

The market price for Shares during the term of the Director Options would normally determine whether or not the Director Options are exercised. If, at any time any of the Director Options are exercised the Shares are trading on ASX at a price that is higher than the exercise price of the Director Options, there may be a perceived cost to the Company.

- (j) The following table gives details of the highest, lowest and the latest closing price of the Company's shares trading on the ASX over the last 12 months.

	<b>Closing Price</b>
Highest Price	\$0.23
Lowest Price	\$0.055
Latest Price	\$0.16

- (k) The primary purpose of the grant of Director Options to Mr Homsany is to provide a market linked incentive package in his capacity as a Director and for the future performance by him. The Board (other than Mr Homsany) considered the extensive corporate and exploration industry experience of Mr Homsany and the current market price of the Shares when determining the number and exercise price of the Director Options to be issued to him. In addition the Board considers the grant of the Director Options to be reasonable and commercial in light of the circumstances of the Company given its size and stage of development, market practice of other companies in the mineral exploration and development industry and given the necessity to attract and retain the highest calibre of skilled professionals to the Company whilst maintaining the Company's cash reserves. Accounting standards require that granted options be valued and expensed. The Board does not consider that there are otherwise any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Director Options upon the terms proposed.
- (l) The Board acknowledges the grant of Director Options to Mr Homsany is contrary to Recommendation 8.2 of the ASX Corporate Governance Principles and Recommendations. However the Board considers the grant to Mr Homsany reasonable in the circumstances for the reasons set out in paragraph (k) above.

**Valuation of Director Options**

- (a) The Director Options to be issued and allotted to Mr Homsany pursuant to Resolution 9 have been independently valued.
- (b) Using the theoretical Binomial Option Pricing Model and based on the assumptions set out below, the Director Options were ascribed a value range as follows:

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<b>Assumptions:</b>	
Valuation date	19 October 2009
Closing Market price of Shares	\$0.15
Director Option Exercise Price	1,500,000 exercisable at \$0.25 500,000 exercisable at \$0.30 500,000 exercisable at \$0.35
Director Option Expiry Date	30 November 2014
Risk Free Interest Rate	5.49%
Volatility (Average)	85%
<b>Indicative value per Director Option</b>	Director Options exercisable at \$0.25 = \$0.093 Director Options Exercisable at \$0.30 = \$0.088 Director Options exercisable at \$0.35 = \$0.084
<b>Total Value of Director Options</b>	<b>\$225,500</b>

Note: The valuation ranges noted above are not necessarily the market prices that the Director Options could be traded at and they are not automatically the market prices for taxation purposes.

- Note 1: The underlying share spot price used for the purpose of the valuation is based on the price as at 19 October 2009.
- Note 2: No dividends are expected to be paid during the life of the Director Options.
- Note 3: The risk free rate is the Australian Government 5 year bond rate at 19 October 2009.
- Note 4: The volatility was estimated from the Company's average historical trading volatility.
- Note 5: The expiry date of the Director Options is 30 November 2014. The life of the Director Options has therefore been assumed to be approximately 5 years.

**Mr Richard Homsany declines to make a recommendation to Shareholders in relation to Resolution 9 due to his material personal interest in the outcome of the Resolution.**

**The other Directors (excluding Mr Homsany) recommend that Shareholders vote in favour of Resolution 9.**

**Approval of Employee Share Option Plan**

**Resolution 10 – Approval of Employee Share Option Plan**

Listing Rule 7.1 provides, in summary, that subject to certain conditions, the Company must not issue or agree to issue equity securities, including options, in any 12 month period equal to more than 15% of the number of issued fully paid ordinary shares of the Company at the beginning of the 12 month period, except with prior shareholder approval in general meeting of the terms and conditions of the proposed issue.

**REDSTONE RESOURCES LIMITED**  
**ABN 42 090 169 154**

**EXPLANATORY MEMORANDUM**

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**Exception to Listing Rule 7.1**

Listing Rule 7.2 Exception 9(b) provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme, if within 3 years before the date of the issue, shareholders have approved the issue of securities under the employee incentive share scheme as an exception to Listing Rule 7.1.

Resolution 10 seeks shareholder approval under Listing Rule 7.2 Exception 9(b), for the grant of options under the 2006 Redstone Resources Limited Employee Share Option Plan (**ESOP**) (and the issue of Shares in the Company on exercise of those options) from time to time as an exception to Listing Rule 7.1 for a period of three years commencing on the date of the Meeting without being required to count those securities as part of, and without reducing, the number of securities which the Company can issue under its annual 15% limit. The impact is that for a period of three years the grant of options, or issue of Shares upon exercise of the options, will be excluded from the number of securities used to determine the Company's annual 15% limit in each rolling 12 month period.

**Summary of ESOP**

A summary of the key terms and conditions of the ESOP is set out below:

- (a) The primary purpose of the ESOP is to recognize the ability and efforts of employees of the Company, to attract persons of ability and experience and to foster and promote loyalty between the Company and its employees.
- (b) The ESOP is available to eligible persons who will be determined by the Board but must be persons who are Directors and employees (whether full-time or part-time) of the Company or its subsidiaries. The issue of Options to Directors will require Shareholder approval in accordance with the ASX Listing Rules and the Corporations Act.
- (c) Options will lapse if the eligible person ceases to be an eligible person for any reason other than retirement, permanent disability, redundancy or death.
- (d) Options will be issued for nil consideration.
- (e) Options issued will be subject to conditions that must be satisfied in order for them to be exercised. These conditions will be determined by the Board when it resolves to offer the Options and will be in accordance with the purpose of the ESOP.
- (f) The expiry date of the Options will be determined by the Board prior to the offer of the relevant Options, subject to any restriction in the Corporations Act, but in any event no longer than 5 years from the date of issue.
- (g) The exercise price of the Options will be determined by the Board with regard to the market value of the Shares when it resolves to offer the Options.
- (h) The Company will not apply for Official Quotation of any Options. If shares of the same class as those allotted under the ESOP are listed on the ASX, the Company must apply for Official Quotation of those Shares allotted pursuant to the exercise of Options within the time required by the Listing Rules after the date of allotment.
- (i) Options are not transferable.
- (j) Options not validly exercised on or before the Expiry Date will automatically lapse.

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- (k) Any Shares issued upon exercise of the Options will rank equally with the Company's then existing issued Shares.
  - (l) Holders may only participate in new issues of securities to holders of Shares if an Option has been exercised and Shares allotted in respect of the Option before the record date for determining entitlements to the issue. The Company must give notice as required under the Listing Rules to holders of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules.
  - (m) If there is a bonus share issue (**Bonus Issue**) to the holders of Shares, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Holder would have received if the Option had been exercised before the record date for the Bonus Issue (**Bonus Shares**). The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank *pari passu* in all respects with the other shares of that class on issue at the date of issue of the Bonus Shares.
  - (n) If there is a pro rata issue (other than a Bonus Issue) to the holders of Shares during the currency of, and prior to the exercise of any Options, the Exercise Price of an Option will be adjusted in the manner provided for in the Listing Rules.
  - (o) If, prior to the expiry of any Options, there is a reorganisation of the issued capital of the Company, Options will be reorganised in accordance with the Listing Rules.
  - (p) The Company shall not offer or issue Options to any eligible person in accordance with the ESOP if the total number of Shares the subject of the Options being offered, when aggregated with any other Shares issued under the ESOP over the previous five years, would exceed 5% of the total number of issued Shares in the Company at the time of the offer under the ESOP.
  - (q) The Board may, subject to the Listing Rules (if applicable) alter, delete or add to these Rules at any time

**ASX Listing Rule 7.2 (Exception 9(b)) Disclosure Requirements**

In accordance with Listing Rule 7.2 (Exception 9(b)), the following information is disclosed to Shareholders for the purposes of Resolution 10:

- (a) A summary of the terms and conditions of the ESOP is set out above. A copy of the full terms and conditions of the ESCP is available to any Shareholder on request to the Company.
- (b) Since inception of the ESOP on 17 May 2006, no options have been granted under the ESOP.

**Enquiries**

Shareholders are invited to contact the Company Secretary, Miranda Conti on (08) 9328 2552 if they have any queries in respect of the matters set out in this Notice.

**REDSTONE RESOURCES LIMITED**  
**ABN 42 090 169 154**

**EXPLANATORY MEMORANDUM**

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**GLOSSARY**

In this Explanatory Memorandum and Notice of Annual General Meeting:

**Annual Report** means the annual report of the Company including the reports of the Directors and auditor and the financial statements of the Company for the year ended 30 June 2009.

**ASX** means ASX Limited (ACN 008 624 691) and the market operated by it, as the context requires.

**Board** means the board of Directors.

**Company** means Redstone Resources Limited (ABN 42 090 169 154).

**Constitution** means the constitution of the Company.

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

**Director** means a director of the Company.

**Director Options** means an option to acquire a Share on the terms and conditions set out in Annexure C.

**Explanatory Memorandum** means the explanatory memorandum that accompanies and forms part of the Notice.

**Listing Rules** means the official listing rules of ASX and any other rules of ASX which are applicable while the entity is admitted to the official list of ASX, each as amended or replaced from time to time except to the extent of any express written waiver by ASX.

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

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

**Option** means an option to acquire a Share.

**Remuneration Report** means that section of the Directors' report contained in the Annual Report, under the heading 'Remuneration Report'.

**Resolution** means a resolution contained in the Notice.

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

**Shareholder** means the holder of a Share.

**WST** means Western Standard Time.

**REDSTONE RESOURCES LIMITED**  
**ABN 42 090 169 154**

**EXPLANATORY MEMORANDUM**

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**Annexure A - Terms and Conditions of Options issued to MBAC Opportunities and Financing Inc.**

The Options will entitle the holders to subscribe for Shares on the following terms:

- 1 Each Option entitles the holder to acquire one (1) Share.
- 2 Each Option is exercisable at any time prior to 5.00pm (EST) on 17 June 2011 (Exercise Period) by completing an option exercise form and delivering it together with the payment for the number of Shares in respect of which the Options are exercised, to the registered office of Redstone or to the share registry of Redstone.
- 3 The Option exercise price is \$0.25 per Option.
- 4 The Options are transferable in whole or part at any time prior to their expiry.
- 5 On the exercise of the Options, Shares will be issued and allotted not more than fourteen (14) days after receipt of a properly executed exercise notice and application moneys. Shares allotted pursuant to the exercise of an Option will rank equally with the then issued Shares in all respects. Application will be made by Redstone to ASX for official quotation of the Shares issued and allotted upon the exercise of the Options.
- 6 There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, Redstone will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least nine business days after the issue is announced. This will give holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- 7 In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of Redstone, all rights of the Optionholder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital at the time of the reconstruction.
- 8 Redstone will not make an application for quotation of the Options on ASX.
- 9 The Directors of Redstone may at any time amend, delete or modify any part of the terms and conditions of the Options to the extent that they are contrary to or inconsistent with any provision or requirement of the Listing Rules, the Corporations Act or the Constitution.

**REDSTONE RESOURCES LIMITED**  
**ABN 42 090 169 154**

**EXPLANATORY MEMORANDUM**

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**Annexure B - Terms and Conditions of Placement Options**

The Placement Options will entitle the holders to subscribe for Shares on the following terms:

**1. Entitlement**

Each Placement Option entitles the holder to acquire one (1) Share.

**2. Exercise Period**

Each Placement Option is exercisable at any time prior to 5.00pm (EST) on 30 November 2012 (**Exercise Period**) by completing an option exercise form and delivering it together with the payment for the number of Shares in respect of which the Placement Options are exercised, to the registered office of Redstone or to the share registry of Redstone.

**3. Exercise Price**

The Placement Option exercise price is \$0.25 per Placement Option.

**4. Transfer of Placement Options**

The Placement Options are not transferable in whole or part at any time prior to their expiry.

**5. Notice of Exercise and Timing of issue of Shares**

On the exercise of the Placement Options, Shares will be issued and allotted not more than fourteen (14) days after receipt of a properly executed exercise notice and application moneys. Shares allotted pursuant to the exercise of a Placement Option will rank equally with the then issued Shares in all respects. Application will be made by Redstone to ASX for official quotation of the Shares issued and allotted upon the exercise of the Placement Options.

**6. Shares issued on exercise**

Shares issued on exercise of the Placement Options rank equally with the then shares of the Company.

**7. Participation in new issues**

There are no participation rights or entitlements inherent in the Placement Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Placement Options. However, Redstone will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least nine business days after the issue is announced. This will give holders of Placement Options the opportunity to exercise their Placement Options prior to the date for determining entitlements to participate in any such issue.

**REDSTONE RESOURCES LIMITED**  
**ABN 42 090 169 154**

**EXPLANATORY MEMORANDUM**

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**Annexure C – Terms and Conditions of Director Options**

The Director Options entitle the holder to subscribe for Shares on the following terms and conditions:

**1. Entitlement**

The Director Options entitle the holder to subscribe for one Share upon exercise of each Director Option.

**2. Exercise Price**

The exercise price of each Director Option is as follows:

<b>No. Director Options</b>	<b>Exercise Price</b>
<b>1,500,000</b>	<b>\$0.25</b>
<b>500,000</b>	<b>\$0.30</b>
<b>500,000</b>	<b>\$0.35</b>

**3. Expiry Date**

Each Director Option has an expiry date of 30 November 2014.

**4. Exercise Period**

The Director Options are exercisable at any time on or before 30 November 2014.

**5. Notice of Exercise**

The Director Options may be exercised by notice in writing to the Company. Any notice of exercise of Director Option received by the Company will be deemed to be a notice of the exercise of the Director Option as at the date of receipt.

**6. Timing of issue of Shares**

After a Director Option is validly exercised, the Company must as soon as possible:

- (a) issue and allot the Share; and
- (b) do all such acts matters and things to obtain the grant of quotation for the Share on ASX no later than 5 days from the date of exercise of the Director Option.

**7. Shares issued on exercise**

Shares issued on exercise of the Director Options rank equally with the then shares of the Company.

**8. Quotation of Shares on exercise**

Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Director Options.

**9. Participation in new issues**

There are no participation rights or entitlements inherent in the Director Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Director Options.

**REDSTONE RESOURCES LIMITED**  
**ABN 42 090 169 154**

**EXPLANATORY MEMORANDUM**

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However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give holders of Director Options the opportunity to exercise their Director Options prior to the date for determining entitlements to participate in any such issue.

**10. Adjustment for bonus issues of Shares**

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

- (a) the number of Shares which must be issued on the exercise of a Director Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

**11. Adjustment for rights issue**

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of a Director Option will be reduced according to the following formula:

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

O = the old Exercise Price of the Director Option.

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

P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

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

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

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

**12. Adjustments for reorganisation**

If there is any reconstruction of the issued share capital of the Company, the rights of the Optionholders will be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction.

**13. Lodgement Instructions**

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for shares on exercise of the options with the appropriate remittance should be lodged with the Company Secretary, at the Company's registered office.

# Proxy Form

**Redstone Resources Limited**  
ACN 090 169 154 (Company)

**All correspondence to:**  
**Redstone Resources Limited**  
**Suite 3, 110 - 116 East Parade**  
**East Perth WA 6004**  
**Phone +61 8 9328 2552**  
**Fax +61 8 9328 2660**

I/We \_\_\_\_\_  
(name of Shareholder)

of \_\_\_\_\_  
(address of Shareholder)

being a Shareholder/Shareholders of the Company and entitled to attend and vote hereby appoint:

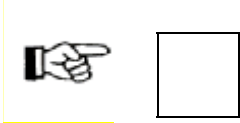
The Chairperson of the Meeting  
(mark with an 'X')

**OR**

Insert name of person that you are appointing if that person is **someone other than** the Chairperson of the Meeting

or failing the person named, or if no person is named, the Chairperson 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, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **The Country Women's Association WA (Inc) House** on **30 November 2009** at **2 pm Western Standard Time (WST)** and at any adjournment of that Meeting.

**IMPORTANT: FOR RESOLUTIONS 10 AND 11 BELOW**



If the Chairperson of the Meeting is appointed as, or may be appointed by default as, your proxy and you do not wish to direct your proxy how to vote as your proxy on Resolutions 10 and 11, please place an 'X' in this box. By marking this box you acknowledge that the Chairperson of the Meeting may exercise your proxy even if the Chairperson has an interest in the outcome of Resolutions 10 and 11 and that votes cast by the Chairperson, other than as proxy holder, will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairperson of the Meeting will not cast your votes on Resolutions 10 and 11 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 10 and 11. The Chairperson intends to vote undirected proxies in favour of Resolutions 10 and 11 and in favour of all other Resolutions.

**VOTING DIRECTIONS TO YOUR PROXY**

(Please mark 'X' to indicate your directions if you wish to direct the proxy how to vote)

- |               |  |  |  |  |
|---------------|--|--|--|--|
| Resolution 1  | Re-election of Mr Richard Homsany  |  |  |  |
| Resolution 2  | Election of Mr Barry Joseph Woodhouse  |  |  |  |
| Resolution 3  | Adoption of Remuneration Report (Non-Binding)  |  |  |  |
| Resolution 4  | Ratification and Approval of Previous Issue and Allotment of Shares and Options to MBAC Opportunities and Financing Inc. |  |  |  |
| Resolution 5  | Ratification and Approval of Previous Issue and Allotment of Shares to HJH Nominees Nominees Pty Ltd                     |  |  |  |
| Resolution 6  | Ratification and Approval of Previous Issue and Allotment of Shares  |  |  |  |
| Resolution 7  | Approval of Issue and Allotment of Shares to HJH Nominees Pty Ltd  |  |  |  |
| Resolution 8  | Approval of Issue and Allotment of Shares and Options  |  |  |  |
| Resolution 9  | Approval of Issue and Allotment of Options   |  |  |  |
| Resolution 10 | Approval of Issue and Allotment of Options to Director   |  |  |  |
| Resolution 11 | Approval of Employee Share Option Plan   |  |  |  |

**For    Against    Abstain\***

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

**PLEASE SIGN HERE (this section must be signed in accordance with the instructions overleaf)**

.....  
*Signature*

**If the member is a company**

Executed by \_\_\_\_\_ in accordance with section 127 of the Corporations Act 2001 (Cth)  
(Name of corporate member)

.....  
(Signature of director/sole director and sole secretary)  
\*cross out which ever is inapplicable

.....  
(Signature of secretary/director)  
\*cross out which ever is inapplicable

.....  
**Contact Name**

.....  
**Contact Daytime Telephone**

...../...../.....  
**Date**

## HOW TO COMPLETE THE PROXY FORM

### Appointment of proxy

A member entitled to attend and vote at this Meeting is entitled to appoint a proxy. A proxy need not be a member of the Company. However, if you do not lodge this Proxy Form then your vote will not be counted.

To appoint the Chairperson of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chairperson of the Meeting as your proxy, insert that person's name in the space provided. If you leave that section blank, or your named proxy does not attend the Meeting, the Chairperson of the Meeting will be your proxy.

### Votes on items of business

To direct your proxy how to vote, place an 'X' in the box that reflects your intention as to how the proxy should vote on that item of business. All of your securities will be voted in accordance with that direction unless you indicate that only a portion of voting rights should be voted on a particular item by inserting the percentage or number of securities you wish to vote in the appropriate box(es).

On any other business arising at the meeting (including any motion to amend a resolution or to adjourn the meeting) the proxy may act at their discretion.

If you do not mark any of the boxes on an item, your proxy may vote as he or she chooses. If you mark more than 1 box on an item your vote on that item will be invalid.

### Appointment of a second proxy

If you are entitled to cast 2 or more votes at the meeting, you may appoint not more than 2 proxies. You may specify the proportion of votes each proxy is appointed to exercise. If you require an additional Proxy Form, please telephone the Company's share registry or copy this Form.

To appoint a second proxy you must:

- (a) On each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that Form. If the appointments do not specify this information, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) Return both forms together in the same envelope, or facsimile both forms to an address set out below.

### Signing of form

Each person registered as the holder of the above shares must sign the Proxy Form in the following way:

- Individual: where the entitlement to vote is held by 1 person, that person must sign.
- Joint holding: where the entitlement to vote is held by more than 1 person, all of the holders of that entitlement must sign.
- Power of Attorney: to sign under a Power of Attorney which has not previously been lodged with the Company's share registry, please attach a certified photocopy of the Power of Attorney to this Form when you return it. In signing as attorney you declare that you have no notice of revocation of the Power of Attorney.
- 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 (under section 204A of the Corporations Act 2001 (Cth)) 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. The office held by the signatory should be indicated in the appropriate place.

A corporate representative must produce the appropriate 'Certificate of Appointment of Corporate Representative' prior to admission to the Meeting, the form of which can be obtained from the Company's share registry.

### Lodgement of Proxy Form

This Proxy Form (and, if relevant, the Power of Attorney under which it is signed) must be received at an address given below not later than **2 pm (WST) on 28 November 2009**, being 48 hours before the commencement of the Meeting. A Proxy Form received after that time will not be valid for the scheduled Meeting.

### Documents may be lodged:

By posting, delivery or facsimile to the Company's registered office, being:

**Suite 3, 110 - 116 East Parade, East Perth WA 6004**

Facsimile+61 8 9328 2660

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