

26 November 2010

Company Announcements Office  
Australian Securities Exchange

**General Meeting of Shareholders**

A General Meeting of the Company's shareholders will be held on Thursday, 23 December, 2010, mainly for the purpose of obtaining Shareholder approval to refresh the Company's 15% securities issue cap. Please find attached:

1. Notice of General Meeting; and
2. Proxy Form,

which have been sent to the Company's shareholders.

Yours Faithfully  
**GOLD ANOMALY LIMITED**



John Lemon  
Company Secretary

## **NOTICE OF GENERAL MEETING**

Date of Meeting: Thursday, 23 December 2010

Time of Meeting: 10.00am (New South Wales Time)

Place of Meeting: Geoff Harris Boardroom  
Offices of PKF Chartered Accountants  
Level 10  
1 Margaret Street  
Sydney, NSW  
Australia

This Notice of General Meeting should be read in its entirety. If you are in doubt as to how to vote at the meeting you should seek advice from your accountant, solicitor or other professional adviser before voting.

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**GOLD ANOMALY LIMITED**  
**ABN 75 067 519 779**

**NOTICE OF GENERAL MEETING**

A General Meeting of Shareholders of Gold Anomaly Limited ("the Company") will be held at the Geoff Harris Boardroom, Offices of PKF Chartered Accountants, Level 10, 1 Margaret Street, Sydney, New South Wales, Australia on Thursday, 23 December 2010 at 10.00 am (New South Wales time).

The accompanying Explanatory Memorandum provides additional information on the matters to be considered at the General Meeting, and forms part of this Notice of General Meeting.

Certain terms and abbreviations used in this Notice of General Meeting and the accompanying Explanatory Memorandum are defined in Section 9 of the Explanatory Memorandum.

**AGENDA**

**1. RESOLUTION 1 - RATIFICATION OF ISSUE OF SHARES AND OPTIONS TO SPRINGTREE SPECIAL OPPORTUNITIES FUND, LP**

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

*"That the issue of a total of 14,670,716 fully paid ordinary shares in the capital of the Company on 1 and 2 November 2010 to HSBC Custody Nominees (Australia) Ltd as nominee for SpringTree Special Opportunities Fund, LP and a total of 1,467,071 options to subscribe for ordinary shares in the capital of the Company on 1 and 2 November 2010 to SpringTree Special Opportunities Fund, LP are hereby ratified for the purposes of ASX Listing Rule 7.4 and for all other purposes."*

**2. RESOLUTION 2 – RATIFICATION OF ISSUE OF SHARES AND OPTIONS TO SOPHISTICATED AND PROFESSIONAL INVESTORS**

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

*"That the issue of 67,666,665 fully paid ordinary shares in the capital of the Company at \$0.030 (3.0 cents) per share and 25,555,552 options to subscribe for ordinary shares in the capital of the Company to a total of 50 investors on 11 November 2010 is hereby approved for the purposes of ASX Listing Rule 7.4 and for all other purposes."*

**3. RESOLUTION 3 – APPROVAL OF ISSUE OF UP TO 18,762,545 SHARES TO YAMANA GOLD INC**

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

*"That in accordance with the provisions of ASX Listing Rule 7.1, and for all other purposes, the Company is authorised to issue up to 18,762,545 fully paid ordinary shares in the capital of the Company to Yamana Gold Inc on the terms and conditions contained in this Notice of Meeting."*

**4. RESOLUTION 4 – APPROVAL OF ISSUE OF UP TO 31,250,000 SHARES TO NEW GUINEA GOLD LIMITED**

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

*"That in accordance with the provisions of ASX Listing Rule 7.1, and for all other purposes, the Company is authorised to issue up to 31,250,000 fully paid ordinary shares in the capital of the company to New Guinea Gold Limited or its nominee on the terms and conditions contained in this Notice of Meeting."*

**BY ORDER OF THE BOARD  
GOLD ANOMALY LIMITED**

A handwritten signature in black ink that reads "John Lemon". The signature is written in a cursive, flowing style.

John Lemon  
Company Secretary

24 November 2010

**GOLD ANOMALY LIMITED**  
**ABN 75 067 519 779**

**NOTICE OF GENERAL MEETING**

**EXPLANATORY MEMORANDUM**

**INTRODUCTION**

This Explanatory Memorandum is provided to shareholders of Gold Anomaly Limited (“the Company”) to explain the background to and implications of the resolutions proposed to be passed at, and procedural matters concerning, the General Meeting of Shareholders of the Company to be held at 10.00 am on Thursday, 23 December 2010. Terms used in this Explanatory Memorandum are defined in Section 9.

**1. RESOLUTION 1 - RATIFICATION OF ISSUE OF SHARES AND OPTIONS TO SPRINGTREE SPECIAL OPPORTUNITIES FUND, LP**

1.1 Subject to a number of exceptions, ASX Listing Rule 7.1 provides that a company must not issue equity securities (shares, options, etc) without shareholder approval if the number of securities issued would, of itself or when added to the number of other equity securities issued by the company in the previous 12 months, exceed 15% of the number of ordinary shares of the Company on issue at the commencement of the 12 month period. ASX Listing Rule 7.4.2 provides that shareholders may approve an issue of securities after the fact (provided the issue did not breach the 15% limit) so that the securities which were issued are regarded as having been issued with shareholder approval for the purpose of Listing Rule 7.1.

1.2 In April 2010 the Company entered into an agreement for the provision of a maximum \$6.7 million funding facility (“the Facility”) by New York based investment fund SpringTree Special Opportunities Fund, LP (“SpringTree”). Funding provided by SpringTree under the Facility is to be used as working capital to support and advance development and exploration at the Company’s gold projects – Sao Chico (Brazil) and Crater Mountain and Fergusson Island (PNG) – and the Company’s polymetallic project at Croydon, Queensland.

1.3 To date SpringTree has advanced an initial loan of \$500,000 and 7 additional tranches totalling \$1,400,000 (a total of \$1,900,000) under the Facility. The Facility makes provision for 11 further funding tranches of between \$150,000 - \$350,000 each to be advanced approximately 30 days after the immediately preceding tranche. The funding tranches are advanced as interest free loans to the Company monthly and repaid in shares in the Company each month. The price formula at which the monthly tranches are repayable in shares is the lesser of:

- (i) \$0.0455 (or in the case of the Initial Tranche under the Facility, 150% of the average of the daily average weighted prices (“VWAPs”) of the Company’s ordinary shares for the 20 business days prior to the date of Facility or 90% of the lowest daily VWAP of the Company’s ordinary shares during the 20 business days prior to the date of the Initial tranche repayment, whichever is the lesser); and
- (ii) 90% of the average of the 3 lowest daily VWAPs per Share during the period since the last tranche was advanced.

Along with the issue of shares to SpringTree as repayment of sums advanced by SpringTree, the Company must issue to SpringTree that number of options to subscribe for fully paid ordinary shares in the Company which is 10% of the number of shares issued by the Company in repayment of each funding tranche.

1.4 To date the Company has issued a total of 92,915,335 Shares and 19,291,535 options to SpringTree and SpringTree’s nominee pursuant to the terms of the Facility. At the Company’s general meeting held on 8 October 2010 Shareholders ratified the issue of 59,404,188 of those Shares and 15,940,420 of those options. At the Company’s annual general meeting held on 23 November 2010 Shareholders ratified the issue of a further 18,840,431 of those Shares and 1,884,044 of those options. Subsequent to the date of the notice of meeting for the 23 November 2010 annual general meeting (22 October 2010) the Company issued a total of 14,670,716 shares and 1,467,071 options to SpringTree and SpringTree’s nominee pursuant to the terms of the Facility, details of which are as follows:

- (i) 1 November 2010 (issued as repayment of \$150,000 advance):
  - a) 7,281,553 shares to HSBC Custody Nominees (Australia) Ltd (“HSBC”) (as nominee for SpringTree); and
  - b) 728,155 options to SpringTree; and

- (ii) 2 November 2010 (issued as repayment of \$150,000 of the initial loan):
  - a) 7,389,163 shares to HSBC (as nominee for SpringTree); and
  - b) 738,916 options to SpringTree.
- 1.5 The issue of the shares and options was within the 15% limit permitted by ASX Listing Rule 7.1. Nevertheless, the Company is requesting that Shareholders ratify the issue of the shares and options for the purpose of ASX Listing Rule 7.4.2 so that the Company will have the flexibility to issue further securities under ASX Listing Rule 7.1 as the need or opportunity arises.
- 1.6 As required by ASX Listing Rule 7.5, the following information is provided:
  - (i) 14,670,716 shares and 1,467,071 options were issued.
  - (ii) The shares and options were issued for the following consideration:
    - 1. 1 November 2010 (issued as repayment of \$150,000 advance) -
      - a. 7,281,553 shares (calculated as \$150,000 divided by \$0.0206 - \$0.0206 is 90% of the average of the 3 lowest VWAPs during the relevant period); and
      - b. 728,155 options (728,155 is 10% of the number of shares issued in repayment);
    - 2. 2 November 2010 (issued as repayment of \$150,000 of the Initial Loan);
      - a. 7,389,163 shares (calculated as \$150,000 divided by \$0.0203 - \$0.0203 is 90% of the lowest daily VWAP during the relevant period); and
      - b. 738,916 options (738,916 is 10% of the number of shares issued in repayment).
  - (iii) The shares are fully paid ordinary shares and are subject to the same rights and obligations and rank equally with all other shares in the capital of the Company. The terms of the options are as follows:
    - (a) 728,155 options issued on 1 November 2010 – exercisable@ \$0.0288; expiring 31 October 2013; and
    - (b) 738,916 options issued on 2 November 2010 - exercisable@ \$0.0284; expiring 1 November 2013.The balance of the option terms are set out in annexure A.
  - (iv) The shares were issued to HSBC Custody Nominees (Australia) Ltd (as nominee for SpringTree). The options were issued to SpringTree Special Opportunities Fund, LP.
  - (v) Funds raised under the Facility to date (which were advanced as loan funds and which were repaid through the issue of shares and options) have been and will continue to be used for working capital to support and advance development and exploration at the Company's gold projects – Sao Chico (Brazil) and Crater Mountain and Fergusson Island (PNG) – and the Company's polymetallic project at Croydon, Queensland.
  - (vi) **Voting Exclusion Statement**

As required by the ASX Listing Rules, the Company will disregard any votes cast on this resolution by:

    - SpringTree Special Opportunities Fund, LP and HSBC Custody Nominees (Australia) Ltd; and
    - an associate (as defined in the ASX Listing Rules) of either of those entities.However, the Company need not disregard a vote if:
    - 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
    - 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.
- 1.7 The Company's directors recommend that Shareholders vote in favour of Resolution 1.

## 2. RESOLUTION 2 – RATIFICATION OF ISSUE OF SHARES AND OPTIONS TO SOPHISTICATED AND PROFESSIONAL INVESTORS

- 2.1 Please see Section 1.1 (above) for details of ASX Listing Rule 7.1. The Company issued 67,666,665 Shares and 25,555,552 options to subscribe for shares on 11 November 2010 to a total of 50 sophisticated and/or professional investor clients of several broking firms to whom it was not necessary to issue a "disclosure document" (prospectus, etc) under the *Corporations Act 2001* (Cth). The issue of the shares and options was within the 15% limit permitted by the ASX Listing Rule 7.1. Nevertheless, the Company is requesting that Shareholders ratify the issue of the shares and options for the purpose of ASX Listing Rule 7.4.2 so that the Company will have the flexibility to issue further securities under ASX Listing Rule 7.1 as the need or opportunity arises.
- 2.2 As required by ASX Listing Rule 7.5, the following information is provided:

- (i) 67,666,665 shares and 25,555,552 options were issued.
- (ii) The shares were issued at \$0.035 (3.5 cents) each. The options were free attaching options which were issued for nil cash consideration.
- (iii) The shares are fully paid ordinary shares and are subject to the same rights and obligations and rank equally with all other shares in the capital of the Company. The options are exercisable@ \$0.030 (3 cents) each and expire on 30 June 2012. The balance of the option terms are set out in annexure B.
- (iv) The shares and options were issued to a total of 50 sophisticated and/or professional investors to whom it was not necessary to issue a "disclosure document" (prospectus, etc) under the Corporations Act.
- (v) Funds raised from the issue of the shares will be used for exploration of the Company's Crater Mountain (PNG) and Sao Chico (Brazil) Projects, mine development at the Sao Chico Project, and working capital generally. No funds were raised from the issue of the options.
- (vi) **Voting Exclusion Statement**

As required by the ASX Listing Rules, the Company will disregard any votes cast on this resolution by:

- Any of the allottees of the shares and options; and
- an associate (as defined in the ASX Listing Rules) of any of the allottees of the shares and options.

However, the Company need not disregard a vote if:

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

2.4 The Company's directors recommend that Shareholders vote in favour of Resolution 2.

### **3. RESOLUTION 3 – APPROVAL OF ISSUE OF UP TO 18,762,545 SHARES TO YAMANA GOLD INC**

3.1 Resolution 3 is identical to a resolution passed by Shareholders at the Company's general meeting held on 8 October 2010 and again at the Company's annual general meeting held on 23 November 2010. The Company is in effect seeking to refresh the Shareholder approval.

3.2 In early July 2010 the Company and its wholly owned PNG subsidiary company Gold Aura (PNG) Limited ("GOA PNG") entered into a written agreement ("the Acquisition Agreement") with Canadian companies Yamana Gold Inc ("Yamana") and Bactech Gold Corporation and certain of their subsidiary companies which provides for GOA PNG to acquire Yamana's 33% interest (held through its subsidiary company Igwa Resources Limited) in the Fergusson Island Gold Project in PNG ("the Project"). The acquisition will give GOA PNG ownership of 100% of the Project. In return for the 33% interest, under the Acquisition Agreement the Company is to issue 18,762,545 shares in itself to Yamana. (in 2008 Bactech mining corporation of Canada ("Bactech") agreed to buy a 33% interest in the project from Yamana for 15,000,000 Bactech shares. The Bactech market share price at the time was Can\$0.065 (6.5 cents) which valued the proposed transaction at \$975,000. The Company's share price at the time was \$0.055 (5.5 cents). Based on the exchange rate at the time of Can\$1.00 = AUD\$1.0584 this equated to 18,762,545 of the Company's shares)

3.3 Completion under the Acquisition Agreement is subject to several conditions precedent, including PNG regulatory authorities granting an extension to April 2012 for completion of a bankable feasibility study in relation to the Project. The parties to the Acquisition Agreement are of the view that the Company owning 100% of the Project (through GOA PNG) is the best corporate structure to advance the Project due to the Company's larger presence and technical expertise in PNG following the Company's takeover of Anomaly Resources Limited in 2009.

3.4 Please see Section 1.1 (above) for details of ASX Listing Rule 7.1. Resolution 3 seeks approval for the issue of up to 18,762,545 shares to Yamana Gold Inc as provided for under the Acquisition Agreement. For the purposes of ASX Listing Rule 7.1 the Company seeks Shareholder approval for the issue so that the shares to be issued do not count towards the 15% issue limit. As mentioned above, this approval was previously obtained at the Company's general meeting held on 8 October 2010 and again at the Company's annual general meeting held on 23 November 2010, however a condition of the approval was the shares be issued by no later than 3 months after the

date of the meeting. Accordingly the Company in effect is seeking to “refresh” Shareholder approval as completion under the Acquisition Agreement has not yet occurred, nor have all conditions precedent under the Acquisition Agreement been satisfied.

- 3.5 As required by ASX Listing Rule 7.3 the following information is provided:
- (i) The maximum number of Shares to be issued by the Company is 18,762,545.
  - (ii) The Company will issue the shares as soon as practical after the Meeting, subject to the extension referred to above first being granted and any other conditions precedent under the Acquisition Agreement being either fulfilled or waived, but in any event not later than 3 months after the date of the Meeting if issued pursuant to any shareholder approval received at the Meeting. (If the extension is not granted or waived and any other conditions precedent are not fulfilled or waived until after the 3 month period the Company may consider again seeking Shareholder approval for the issue of the shares or subsequent ratification of the issue of the shares).
  - (iii) The shares will be issued for nil cash consideration. The consideration for the issue of the shares will be the transfer of the 33% interest in the Project as referred to above.
  - (iv) The allottee of the shares will be Yamana Gold Inc.
  - (v) The shares will be fully paid ordinary shares and will be subject to the same rights and obligations and rank equally with all other shares in the capital of the Company.
  - (vi) No funds will be raised from the issue of the shares.
  - (vii) The date of allotment of the shares is not yet known. Allotment will take place in accordance with the Acquisition Agreement.
  - (viii) **Voting Exclusion Statement**  
As required by the ASX Listing Rules, the Company will disregard any votes cast on this resolution by:
    - Yamana Gold Inc; and
    - an associate (as defined in the ASX Listing Rules) of Yamana Gold Inc.However, the Company need not disregard a vote if:
    - 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
    - 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.
- 3.6 The Company’s directors recommend that shareholders vote in favour of Resolution 3.

#### **4. RESOLUTION 4 – APPROVAL OF ISSUE OF UP TO 31,250,000 SHARES TO NEW GUINEA GOLD LIMITED**

- 4.1 The Crater Mountain Project in PNG (“the Project”) is carried on by the Company’s subsidiary company (which owns 51%) (“The GOA subsidiary”) and a group of three other companies collectively called the “Minority Parties”. On 10 November 2010 the Company announced that one of the Minority Parties, New Guinea Gold Limited (“NGG”) has signed a Letter of Intent between it and the GOA subsidiary which provides for the GOA subsidiary to acquire NGG’s interest in the Project in return for the issue to NGGC of 31,250,000 shares in the Company. The acquisition of NGG’s interest will have the potential to increase the Company’s interest in the Project to 90%, dependant upon whether the remaining Minority Parties participate in future exploration and drilling. The Company and/or the GOA subsidiary and NGG are to enter into a written contract to formalise the terms of the Letter of Intent. This is expected to be finalised shortly.
- 4.2 The basis for negotiating a sale consideration of 31,500,000 Shares was as follows – under an agreement with the minority parties the GOA subsidiary’s interest in the Project has been increasing at the rate of 1% for each \$50,000 of expenditure by it. Based on a then share price for the Company’s shares of \$0.024 (2.4 cents), and on the assumption that NGG’s interest in the Project is 10%, this valued NGG’s interest at \$750,000.
- 4.3 Please see Section 1.1 (above) for details of ASX Listing Rule 7.1. Resolution 4 seeks approval for the issue of up to 31,250,000 Shares to NGG or its nominee. For the purposes of ASX Listing Rule 7.1 the Company seeks Shareholder approval for the issue so that the shares to be issued do not count towards the 15% issue limit.
- 4.4 As required by ASX Listing Rule 7.3 the following information is provided:
- (i) The maximum number of Shares to be issued by the Company is 31,250,000.
  - (ii) The Company will issue the shares as soon as practical after the Meeting, subject to conclusion and completion of the abovementioned written contract, but in any event not later



than 3 months after the date of the Meeting if issued pursuant to any shareholder approval received at the Meeting. (If the written contract is not concluded or settlement under the written contract is not completed until after the 3 month period the Company may consider again seeking Shareholder approval for the issue of the shares or subsequent ratification of the issue of the shares).

- (iii) The shares will be issued for nil cash consideration. The consideration for the issue of the shares will be the transfer of NGG's interest in the Project as referred to above.
- (iv) The allottee of the shares will be New Guinea Gold Limited.
- (v) The shares will be fully paid ordinary shares and will be subject to the same rights and obligations and rank equally with all other shares in the capital of the Company, save that they will be subject to voluntary escrow for six months from the date of their issue.
- (vi) No funds will be raised from the issue of the shares.
- (iii) The date of allotment of the shares is not yet known. Allotment will take place in accordance with the Acquisition Agreement.
- (iv) **Voting Exclusion Statement**

As required by the ASX Listing Rules, the Company will disregard any votes cast on this resolution by:

- New Guinea Gold Limited; and
- an associate (as defined in the ASX Listing Rules) of New Guinea Gold Limited.

However, the Company need not disregard a vote if:

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

4.4 The Company's directors recommend that shareholders vote in favour of Resolution 4.

## 5. VOTING RIGHTS

The Board has determined that all of the shares of the Company will be taken, for the purposes of determining the right of shareholders to attend and vote at the Meeting, to be held by the persons who are registered in the Company's register of shareholders at 7.00pm (AEDST) on 21 December 2010 as the owners of those shares. Therefore transfers registered after that time will be disregarded in determining shareholders entitled to attend and vote at the Meeting.

## 6. PROXIES

- 6.1 A Shareholder entitled to attend and vote at the Meeting may appoint:
  - (i) one proxy if the Shareholder is only entitled to one vote at the meeting; or
  - (ii) one or two proxies if the Shareholder is entitled to more than one vote at the meeting, to attend and vote at the meeting for the Shareholder.
- 6.2 A Shareholder may appoint an individual person or a body corporate as the Shareholder's proxy.
- 6.3 A body corporate appointed as a shareholder's proxy may appoint a representative to exercise any of the powers the body corporate may exercise as a proxy at the Meeting. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been provided to the Company.
- 6.4 If a Shareholder appoints two proxies and does not specify the number or proportion of votes each proxy may exercise, each proxy may exercise half the votes.
- 6.5 A proxy need not be a shareholder of the Company.
- 6.6 A Proxy Form is enclosed. If you wish to appoint a proxy or proxies you must complete the Proxy Form and deliver it to the Company, together with the power of attorney or other authority (if any) under which it is signed (or a certified copy), by no later than 10.00 am on 6 October 2010:
  - (i) **by post:**  
Gold Anomaly Limited  
Level 4, 15-17 Young St,  
Sydney, NSW 2000; or

- (ii) **by delivery:**  
Gold Anomaly Limited  
Level 4, 15-17 Young St,  
Sydney, NSW 2000; or
- (iii) **by facsimile:**  
(02) 9252 2335 (from within Australia)  
(+612) 9252 2335 (from outside Australia)

## 7. CORPORATE REPRESENTATIVE

A Shareholder which is a body corporate may appoint an individual as the Shareholder's representative to attend and vote at the Meeting. The representative must bring the formal notice of appointment to the meeting, unless it has previously been provided to the Company.

## 8. OTHER INFORMATION

Queries in relation to the lodgement of proxies or other matters concerning the Meeting may be directed to the Company Secretary (Telephone: (07) 3833 3872).

## 9. INTERPRETATION

In this notice of meeting the following expressions have the following meanings:

"ASX" means ASX Limited ABN 98 008 624 691.

"ASX Listing Rules" means the Official Listing Rules of ASX.

"Company" means Gold Anomaly Limited ABN 75 067 519 779.

"Corporations Act" means *Corporations Act 2001* (Cwth).

"Directors" means the Directors of the Company.

"Explanatory Memorandum" means the explanatory memorandum contained in this Notice of Meeting.

"Meeting" means the General Meeting of Shareholders convened for 23 December 2010 and any adjournment of that meeting.

"Section" means a section of this Explanatory Memorandum.

"Share" means a fully paid ordinary share in the capital of the Company and "Shares" has a corresponding meaning.

"Shareholder" means a shareholder of the Company.

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**GOLD ANOMALY LIMITED**  
**ABN 75 067 519 779**

**NOTICE OF GENERAL MEETING**  
**(Date of Meeting: 23 December 2010)**

**ANNEXURE A**

**1. Options Terms (SpringTree) – Resolution 1**

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**1.1 Nature of Options**

- (a) Each Option shall grant the holder of that Option the right but not the obligation to be issued by the Company one Share, at:
  - (i) in the case of the Commitment Options, the Commitment Option Exercise Price; or
  - (ii) in the case of the Tranche Options, the Tranche Option Exercise Price.
- (b) Each Option shall be exercisable, by the Option holder complying with its obligations under this clause 1, at any time after the time of its grant and:
  - (i) in the case of the Commitment Options, prior to the date that is thirty-six (36) calendar months after the Execution Date (the *Commitment Option Expiration Date*); and
  - (ii) in the case of each Tranche of the Tranche Options, prior to the date that is thirty-six (36) calendar months after the date on which such tranche of Tranche Options is granted (each, a *Tranche Option Expiration Date*),  
after which time it will lapse.

**1.2 Exercise of Options**

- (a) Without limiting the generality of, and subject to, the other provisions of the Agreement, an Option holder may exercise any of its Options at any time prior to their expiration, by delivery of:
  - (i) a copy, whether facsimile or otherwise, of a duly executed Option exercise form substantially in the form attached to this Agreement as Annexure A (the *Exercise Form*), to the Company during normal business hours on any Business Day at the Company's principal executive offices (or such other office or agency of the Company as it may designate by notice to the Option holder); and
  - (ii) payment of an amount equal to the Option Exercise Price multiplied by the number of Shares in respect of which the Options are being exercised at the time (the *Exercise Price*), by wire transfer to the account specified by the Company from time to time or by bank draft delivered to the Company during normal business hours on any Business Day at the Company's principal executive offices (or such other office or agency of the Company as it may designate by notice to the Option holder).

- (b) As soon as reasonably practicable, but in any event no later than one (1) Business Day after receipt of a duly completed Exercise Form and the payment referred to in clause 1.2(a)(ii), the Company shall cause its securities registrar to:
  - (i) issue and Electronically Deliver the Shares in respect of which the Options are so exercised by the Option holder; and
  - (ii) provide to the Option holder holding statements evidencing that such Shares have been recorded on the Share register.

### **1.3 Exercise Limitations**

- (a) The Company shall not effect, and the Option holder does not have the right to effect, any exercise of any Option, if in connection with an exercise of the Option an issuance of such Shares on exercise of the Option would result in an acquisition of a relevant interest in the Shares which would cause the voting power of the Investor or any of its associates (as defined in the Corporations Act) in the Company to exceed 19.99%.
- (b) Notwithstanding anything herein to the contrary, in no event shall the Investor be permitted to exercise any Option to the extent that after giving effect to such exercise the Investor would beneficially own in excess of 9.99% (the *Maximum Percentage*) of the number of Shares then issued and outstanding immediately after giving effect to such exercise. For purposes of the foregoing sentence, the number of Shares beneficially owned by the Investor (which, for purposes of clarity, includes its Affiliates) shall include the number of Shares issuable upon exercise of Options with respect to which the determination of such sentence is being made, but shall exclude the number of Shares which would be issuable upon (A) exercise of the remaining unexercised portion of the Options beneficially owned by the Investor or any of its Affiliates and (B) exercise, repayment or conversion of the unexercised, unpaid or nonconverted portion of any other securities of the Company beneficially owned by the Investor or any of its Affiliates subject to a limitation on conversion, repayment or exercise analogous to the limitation contained herein. Except as set forth in the preceding sentence, for purposes of this clause 11.3(b), beneficial ownership shall be determined in accordance with Section 13(d) of the Exchange Act and the rules thereunder. Nothing contained herein shall be deemed to restrict the right of the Investor to exercise such Option at such time as such exercise will not violate the provisions of this clause 11.3(b). For purposes of this clause 11.3(b), in determining the number of outstanding Shares, the Investor may rely on the number of outstanding Shares as reflected in (x) the Company's most recent Appendix 3B or (y) any other notice by the Company setting forth the number of Shares outstanding. In any case, the number of outstanding Shares shall be determined after giving effect to the conversion, repayment or exercise of securities of the Company, including any Option, by the Investor and its Affiliates since the date as of which such number of outstanding Shares was reported. By written notice to the Company, the Investor may increase or decrease the Maximum Percentage to any other percentage not in excess of 9.99% specified in such notice; provided that any such increase will not be effective until the sixty-first (61st) day after such notice is delivered to the Company. No exercise of the Option by the Investor in violation of this clause 11.3(b) but otherwise in accordance with this Agreement shall affect the status of the Shares issued upon such exercise as validly issued and fully-paid.

#### **1.4 Bonus Issues**

If prior to an exercise of an Option, the Company makes an issue of Shares by way of capitalisation of profits or out of its reserves (other than pursuant to a dividend reinvestment plan), pursuant to an offer of such Shares to at least all the holders of Shares resident in Australia, then on exercise of the Option, the number of Shares over which an Option is exercisable shall be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the date on which entitlements to the issue were calculated.

#### **1.5 Rights Issues**

If prior to an exercise of an Option, any offer or invitation is made by the Company to at least all the holders of Shares resident in Australia for the subscription for cash with respect to Shares, options or other securities of the Company on a pro rata basis relative to those holders' Share holding at the time of the offer, the Option Exercise Price shall be reduced as specified in the Listing Rules in relation to pro-rata issues (except bonus issues).

#### **1.6 Reconstruction of Capital**

In the event of a consolidation, subdivision or similar reconstruction of the issued capital of the Company, and subject to such changes as are necessary to comply with the Listing Rules applying to a reconstruction of capital at the time of the reconstruction:

- (a) the number of the Shares to which each Option holder is entitled on exercise of the outstanding Options shall be reduced or increased in the same proportion as, and the nature of the Shares shall be modified to the same extent that, the issued capital of the Company is consolidated, subdivided or reconstructed (subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the consolidation, subdivision or reconstruction); and
- (b) an appropriate adjustment shall be made to the Option Exercise Price of the outstanding Options, with the intent that the total amount payable on exercise of the Options shall not alter.

#### **1.7 Cumulative Adjustments**

Full effect shall be given to the provisions of clauses 1.4 to 1.6, as and when occasions of their application arise and in such manner that the effects of the successive applications of them are cumulative, the intention being that the adjustments they progressively effect will be such as to reflect, in relation to the Shares issuable on exercise of the Options outstanding, the adjustments which on the occasions in question are progressively effected in relation to Shares already on issue.

#### **1.8 Notice of Adjustments**

Whenever the number of Shares over which an Option is exercisable, or the Option Exercise Price, is adjusted pursuant to this Agreement, the Company shall give notice of the adjustment to all the Option holders, within one (1) Business Day.

#### **1.9 Rights Prior to Exercise**

Prior to its exercise, an Option does not confer a right on the Option holder to participate in a new issue of securities by the Company.

**1.10 Redemption**

The Options shall not be redeemable by the Company.

**1.11 Assignability and Transferability**

The Options shall be freely assignable and transferable, subject to the provisions of Chapter 6D of the Corporations Act. The Investor will not however sell or transfer any Options issued under this Agreement, or grant, issue or transfer interests in or options over them, within 12 months after their issue if to do so would require the issue of a disclosure document under Chapter 6D of the Corporations Act.

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