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**AUSTRALIAN-AMERICAN MINING CORPORATION LIMITED**  
**ACN 073 155 781**

**NOTICE OF GENERAL MEETING**

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**TIME:** 10:00am (WST)  
**DATE:** 9 September 2011  
**PLACE:** 572 Hay Street  
Perth, WA, 6000

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

*Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary, Ms Nerida Schmidt on +61 (0) 411 709 472*

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## TIME AND PLACE OF MEETING AND HOW TO VOTE

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### 1.1 VENUE

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The General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10:00am (WST) on 9 September 2011 at:

572 Hay Street  
Perth WA 6000

### 1.2 YOUR VOTE IS IMPORTANT

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

### 1.3 VOTING IN PERSON

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

### 1.4 VOTING BY PROXY

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To vote by proxy, please complete and sign the enclosed Proxy Form and return:

- (a) by post to PO Box 1788, West Perth, WA, 6872; or
- (b) by facsimile to +61 08 9325 5574.

so that it is received not later than 10.00am (WST) on 7 September 2011.

**Proxy Forms received later than this time will be invalid.**

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## NOTICE OF GENERAL MEETING

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Notice is given that the General Meeting of Shareholders will be held at 10:00am (WST) on 9 September 2011 at 572 Hay Street, Perth, Western Australia.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at 5.00pm (WST) on 7 September 2011.

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

### AGENDA

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#### 1. RESOLUTION 1 – APPROVAL OF SHARE CONSOLIDATION

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

*"That, for the purposes of section 254H of the Corporations Act and for all other purposes, approval is given for the issued capital of the Company to be consolidated on the basis that:*

- (a) every 5 Shares be consolidated into 1 Share; and*
- (b) every 5 Options be consolidated into 1 Option with the exercise price amended in inverse proportion to that ratio,*

*and where this Consolidation results in a fraction of a Share or Option being held by a Securityholder, the Directors be authorised to round that fraction up to the nearest whole Share or Option, with the Consolidation taking effect in accordance with the Listing Rules and otherwise as described in the Explanatory Memorandum."*

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#### 2. RESOLUTION 2 – AMENDMENT TO THE CONSTITUTION

To consider and, if thought fit, to pass, with or without amendment, as a **special resolution**:

*"That the Constitution be amended in accordance with Annexure A and as otherwise described in the Explanatory Statement, be approved and that this amendment shall in accordance with section 137 of the Corporations Act take effect from the date this resolution is passed."*

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**3. RESOLUTION 3 – APPROVAL OF EMPLOYEE SHARE OPTION PLAN (ESOP)**

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

*"That, for the purposes of Exception 9 (contained in ASX Listing Rule 7.2) to ASX Listing Rule 7.1 and section 259B(2) of the Corporations Act and for all other purposes, approval is given to the Company to adopt an employee share option plan in the terms of the instrument styled "Employee Share Option Plan" a copy of which is attached as Annexure B."*

**Voting Exclusion:** The Company will disregard any votes cast on Resolution 3 by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company), and any associate of such person. However, the Company need not disregard a vote if cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or 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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**4. RESOLUTION 4 – APPROVAL OF ISSUE OF OPTIONS TO MR SIMON JACKSON**

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

*"That, for the purposes of Listing Rule 10.11 of the ASX Listing Rules, Chapter 2E of the Corporations Act and for all other purposes, the Directors of the Company be authorised to issue and allot 1,000,000 Options exercisable at 10 cents each on or before 31 December 2012 to Mr Simon Jackson (or his nominee), a director of the Company, as set out in the Explanatory Statement accompanying this Notice of Meeting."*

**Voting Exclusion:** The Company will disregard any votes cast on Resolution 4 by Mr Simon Jackson and any associates of Mr Simon Jackson. However, the Company need not disregard a vote if cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or 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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**5. RESOLUTION 5 – APPROVAL OF ISSUE OF OPTIONS TO MR DON FALCONER**

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

*"That, for the purposes of Listing Rule 10.11 of the ASX Listing Rules, Chapter 2E of the Corporations Act and for all other purposes, the Directors of the Company be authorised to issue and allot 1,000,000 Options exercisable at 10 cents each on or before 31 December 2012 to Mr Don Falconer (or his nominee), a director of the Company, as set out in the Explanatory Statement accompanying this Notice of Meeting."*

**Voting Exclusion:** The Company will disregard any votes cast on Resolution 5 by Mr Don Falconer and any associates of Mr Don Falconer. However, the Company need not disregard a vote if cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or 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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**6. RESOLUTION 6 – RATIFICATION OF ISSUE OF SECURITIES TO LONE STAR LLC**

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

*"That, for the purposes of Listing Rule 7.4 of the ASX Listing Rules and for all other purposes, the issue and allotment to Lone Star LLC (**Lone Star**) of 5,000,000 ordinary shares on 29 April 2011 on the terms and conditions outlined in the Explanatory Memorandum accompanying this Notice of Meeting, be ratified."*

**Voting Exclusion:** The Company will disregard any votes cast on Resolution 6 by a person who has participated or may participate in the issue and any associates of those persons. However, the Company need not disregard a vote if cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or 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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**7. RESOLUTION 7 – RATIFICATION OF ISSUE OF SECURITIES TO STITH MINING LLC**

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

*"That, for the purposes of Listing Rule 7.4 of the ASX Listing Rules and for all other purposes, the issue and allotment to Stith Mining LLC (**Stith**) of 3,000,000 ordinary shares on 18 November 2010 on the terms and conditions outlined in the Explanatory Memorandum accompanying this Notice of Meeting, be ratified."*

**Voting Exclusion:** The Company will disregard any votes cast on Resolution 7 by a person who has participated or may participate in the issue and any associates of those persons. However, the Company need not disregard a vote if cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or 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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**8. RESOLUTION 8 – RATIFICATION OF ISSUE OF OPTIONS TO MANAGEMENT**

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

*"That, for the purposes of Listing Rule 7.4 of the ASX Listing Rules and for all other purposes, the issue and allotment of 1,000,000 Options exercisable at 10 cents each on or before 31 December 2012 to various management, employees and consultants of the Company (or their nominee) on 8 March 2011, as set out in the Explanatory Statement accompanying this Notice of Meeting, be ratified."*

**Voting Exclusion:** The Company will disregard any votes cast on Resolution 8 by a person who has participated or may participate in the issue and any associates of those persons. However, the Company need not disregard a vote if cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or 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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DATED: 9 AUGUST 2011  
BY ORDER OF THE BOARD

NERIDA SCHMIDT  
AUSTRALIAN-AMERICAN MINING CORPORATION LIMITED  
COMPANY SECRETARY

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting to be held at 10:00am (WST) on 9 September 2011 at 572 Hay Street, Perth, Western Australia.

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

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### 1. RESOLUTION 1 – APPROVAL OF SHARE CONSOLIDATION

Resolution 1 seeks Shareholder approval for the Company to undertake the Consolidation of the number of Shares and Options on issue on a 1 for 5 basis (**Consolidation**). The exercise price of Options will be amended in inverse proportion to the Consolidation ratio.

Earlier this year, the Company announced the intention to apply to have its ordinary shares listed for trading on the Toronto Stock Exchange (**TSX**). With the decline in the market capitalisation of the Company resultant from the downturn in the uranium/nuclear market, it was later considered that a TSX Venture Exchange (**TSX\_V**) listing was more appropriate. An application to the TSX\_V has been made.

The decision to dual list on the Canadian market was influenced by the following issues;

- (a) Size of market - The Canadian market is the largest market in the world for mining stocks in terms of dollars invested and number of companies.
- (b) Proximity of projects – The Company's resource projects are located 100% in North America which we believe will assist the investors in understanding the projects better; and
- (c) Valuation - Canadian market valuation per Enterprise Value (**EV**) per pound of JORC /43-101 pound of U3O8 (EV/lb) for uranium junior exploration/development companies is currently between \$2.50 and \$3 per pound. ASX EV/lb valuation is lower than the Canadian market, and the Company's current EV/lb is less than \$0.50 per lb.

TSX\_V may refuse an application for listing if in its opinion, a company's capital structure appears to be excessively dilutive or otherwise imbalanced. In particular, the TSX\_V generally discourages the listing of any shares where the effective issue price of such shares is less than CDN\$0.05 per share. If a company has issued shares to any person at an effective price of less than CDN\$0.05 per share prior to the proposed new listing, the TSX\_V will generally require the company to amend its capital structure accordingly.

In an effort to ensure that the capital structure of the Company complies with TSX\_V requirements, the Company has determined to consolidate the existing common shares on a 1 for 5 basis. This consolidation should ensure that the effective issue price of all shares of the company is greater than CDN\$0.05 per share.

The result of the Consolidation is that each Security holding will be reduced by five times its current level. Each Shareholders proportional interest in the Company's share capital will remain unchanged as a result of the Consolidation. Any fractional entitlements of Securityholders as a consequence of the Consolidation will be rounded up.

## 1.1 Legal requirements

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

The ASX Listing Rules also require that in respect of options, the number of options must be consolidated in the same ratio as the ordinary capital and the exercise price amended in inverse proportion to the ration.

## 1.2 Fractional entitlements

Not all Securityholders will hold that number of Shares or Options which can be evenly divided by 5. Any fractional entitlements of Securityholders as a consequence of the Consolidation will be rounded up to the nearest whole Share or Option as the context requires.

## 1.3 Taxation implications

It is not considered that any taxation implications will arise for Securityholders due to the Consolidation. However, Securityholders are advised to seek their own tax advice on the effect of the Consolidation and neither the Company, nor the Directors (or the Company's advisors) accept any responsibility for the taxation implications arising from the Consolidation.

## 1.4 Effect on capital structure

The change in capital structure of the Company following the Consolidation, which is subject to adjustments for rounding is as follows:

### Shares

	Number*
Shares currently on issue	336,709,607
Shares on issue after Consolidation	67,341,921

\*Assumes no Options exercised prior to Consolidation.



## Options

	Pre-Consolidation amount	Exercise price pre-Consolidation	Post-Consolidation amount	Exercise price post-Consolidation
Listed Options	174,775,825	\$0.10	34,955,165	\$0.50
Unlisted Options	300,000	\$0.065	60,000	\$0.325
Unlisted Options	277,778	\$0.0421	55,556	\$0.2105
Unlisted Options	185,185	\$0.0421	37,037	\$0.2105
Unlisted Options	308,642	\$0.0421	61,729	\$0.2105
Unlisted Options	8,000,000	\$0.0462	1,600,000	\$0.231
Unlisted Options	500,000	\$1.20	100,000	\$6.00
Unlisted Options	400,000	\$0.20	80,000	\$1.00
Total	<b>184,747,430</b>		<b>36,949,487</b>	

\*Assumes no Options exercised or forfeited prior to Consolidation and does not include the Options to be issued under resolutions 4 and 5.

### 1.5 Holding Statements and certificate

From the date two business days after the Consolidation is approved by Shareholders:

- (a) all holding statements for Shares and listed Options will cease to have any effect, except as evidence of entitlement to a certain number of Shares and listed Options on a post Consolidation basis; and
- (b) all certificates for unlisted Options will cease to have any effect, except as evidence of entitlement to a certain number of unlisted Options on a post Consolidation basis.

After the Consolidation becomes effective, the Company will arrange for new holding statements for Shares and listed Options to be issued to Shareholders of those Shares and Optionholders of those listed Options and to the extent required new certificates for unlisted Options to be issued to Optionholders.

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

### 1.6 Timetable

The indicative timetable assuming Shareholder approval is obtained will be as follows:

Date	Event
8 August 2011	Announcement of Consolidation
9 August 2011	Notice of General Meeting sent to Shareholders
9 September 2011	Date of General Meeting  Following Shareholder approval Company announces shareholder approval of capital Consolidation
12 September 2011	Last day for trading pre-capital Consolidation securities
13 September 2011	Trading of post capital Consolidation securities on a deferred settlement basis commences
19 September 2011	Last day to register transfers on a pre-capital Consolidation basis
20 September 2011	First day to register transfers on a post-capital Consolidation basis
26 September 2011	Deferred settlement market ends  Last day for Company to send notice to each security holder of pre and post capital Consolidation holdings

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## 2. RESOLUTION 2 – AMENDMENT TO CONSTITUTION

Resolution 2 seeks Shareholder approval for the amendment of the Constitution.

As disclosed in the Explanatory Memorandum in relation to Resolution 1 above, the Company has announced the intention to apply to have its ordinary shares listed for trading on the Canadian TSX Venture Exchange (**TSX\_V**) and the rationale for this is outlined therein.

Under the TSX\_V listing rules the TSX\_V may refuse an application for listing if in its opinion a company's constitution does not provide for adequate rotation of directors. The Company has been advised by its Canadian lawyers that the proposed amendment to the Constitution complies with TSX\_V's requirements.

The proposed amendments to the Constitution as set out in Annexure A are directed at requiring that all directors be re-elected at the Annual General Meeting of the Company each year. The effect of this amendment is that shareholders will have the opportunity to re-elect the Directors of the Company at each Annual General Meeting.

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### **3. RESOLUTION 3 – EMPLOYEE SHARE OPTION PLAN (ESOP)**

Resolution 3 seeks Shareholder approval for the adoption of an Employee Share Option Plan (**ESOP**).

As disclosed in the Explanatory Memorandum in relation to Resolution 1 above, the Company has announced the intention to apply to have its ordinary shares listed for trading on the TSX Venture Exchange (**TSX\_V**) and the rationale for this is outlined therein.

TSX\_V requires that any stock option plan for the Company be compliant with TSX\_V requirements. The Company seeks approval for the ESOP proposed so that it will satisfy the TSX\_V requirements regarding option plans. The Company has been advised by its Canadian lawyers that the proposed ESOP complies with TSX\_V's requirements.

This Resolution is put to shareholders, for the purpose of ASX Listing Rule 7.2 (Exemption 9) and for all other purposes. The Directors consider it desirable to establish an employee share option plan on the terms appearing in Annexure B.

Under the ESOP the Board may grant options (on terms and subject to such conditions as it sees fit) to subscribe for Shares in the Company to persons including key employees, directors and consultants of the Company, but excluding any person whom ASX does not regard as being a person entitled to participate under an employee share scheme.

The purpose of the ESOP is to advance the interests of the Company through the motivation, attraction and retention of persons such as, key employees, directors and consultants of the Company. It is generally recognized that share incentive plans can aid in attracting, retaining and encouraging employees, directors and consultants due to the opportunity offered to them to acquire a proprietary interest in the Company.

Under the ASX Listing Rules equity securities include options over issued or unissued shares in an entity. The ESOP is therefore an employee incentive scheme for the purposes of the ASX Listing Rules.

Approval for the purposes of Exception 9 will authorise the Company to issue shares under the ESOP over the next 3 years without affecting the Company's capacity to place up to 15% of its issued capital without Shareholder approval. A full copy of the terms of the ESOP are annexed at Annexure B.

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### **4. RESOLUTION 4 – APPROVAL OF ISSUE OF OPTIONS TO MR SIMON JACKSON**

Resolution 4 seeks Shareholder approval pursuant to Listing Rule 10.11 and Chapter 2E of the Corporations Act for the issue of 1,000,000 Options (which will be listed on the ASX) exercisable at 10 cents each on or before 31 December 2012 to Mr Simon Jackson as a Director of the Company. The Terms of the Options which are set out in Annexure C are the same as those options currently listed on the ASX. These Options are to be free Options to provide an incentive for the future success of the Company.

Subject to certain exceptions, Listing Rule 10.11 restricts a company from issuing or agreeing to issue equity securities to a related party without shareholder approval. If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

The Options described in this Resolution 4 are to be issued under Shareholder approval and the Company seeks Shareholder approval of the issue for the

purpose of Listing Rule 10.11 and under Chapter 2E of the Corporations Act to enable the Company to issue the securities.

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. Section 208 of the Corporations Act prohibits a public company giving a financial benefit to a related party unless one of a number of exceptions applies or shareholder approval is obtained.

A "financial benefit" is defined in the Corporations Act in broad terms and expressly includes a public company issuing securities. Section 208 of the Corporations Act provides that for a public company to give a financial benefit to a related party of that company, the public company must:

- (a) obtain the approval of members in the way set out in sections 217 to 227; and
- (b) give the benefit within 15 months after the approval.

For the purpose of this Meeting and in accordance with section 228 of the Corporations Act a related party of the Company includes:

- (a) a Director; and
- (b) an entity controlled by a Director.

Accordingly, Resolution 4 seeks Shareholder approval for the grant of the Options to Mr Simon Jackson (or his nominee) for the purposes of Chapter 2E of the Corporations Act.

These Options are to be issued on a pre-Consolidation basis. Accordingly, should Resolution 1 receive Shareholder approval, these Options will be consolidated to 200,000 Options with an exercise price of \$0.50.

#### **4.1 Specific Information required by ASX Listing Rule 10.13 and Section 219 of the Corporations Act**

In accordance with the requirements of Listing Rule 10.13 and Chapter 2E of the Corporations Act, the following information is provided to Shareholders to allow them to assess the ratification of the issue of the Options the subject of this Resolution 4:

- (a) the Options are to be issued to Mr Simon Jackson, a Director of the Company (or his nominee);
- (b) the number of Options to be issued and allotted is 1,000,000, to be issued on a pre-Consolidation basis. Accordingly, should Resolution 1 receive Shareholder approval, these Options will be consolidated to 200,000 Options with an exercise price of \$0.50;
- (c) the Company will issue and allot the Options no later than 1 month after the date of the Meeting (or such longer period as ASX may, in its discretion, allow);
- (d) the terms of the Options are set out in Annexure B;
- (e) upon exercise of the Options, the Shares will be granted on a one for one basis on the same terms as the Company's existing Shares;

- (f) Mr Simon Jackson has an interest in Resolution 4 under which the Options will be granted and therefore believes it inappropriate to make a recommendation. The other Directors are unanimously in favour of the grant of the Options in Resolution 4. The current security holdings of Mr Simon Jackson are as follows:

<b>Name of Director</b>	<b>Shares</b>	<b>Performance Rights</b>	<b>Options</b>
Mr Simon Jackson	150,000	Nil	Nil

- (g) the Options will be issued for nil consideration and as such no funds will be raised from the grant of the Options. If all Options issued pursuant to Resolution 4 are exercised, total funds of \$100,000 would be received by the Company;
- (h) a voting exclusion is included in the notice;
- (i) Mr Simon Jackson receives a fee of \$40,000 per annum;
- (j) on the basis of the assumptions below, the value of the Options using the Black-Scholes method are as follows:

Issue Date:	9 September 2011
Expiry Date:	31 December 2012
Risk-free Rate:	4.4%
Stock Volatility:	130.0%
Current Share Price:	\$0.034
Exercise Price:	\$0.10
Value per Option:	\$0.0106

- (k) Based on the valuation in (j) above, the financial benefit to Mr Simon Jackson under Resolution 4 is \$10,600;
- (l) the exercise of the Options as outlined in Resolution 4 will result in a dilution of all other Shareholders' holdings in the company of 0.56% based on issued shares as at the date of this Explanatory Statement and 0.42% on a fully diluted basis;
- (m) the market price of the Shares would normally determine whether the Directors will exercise the Options or not. If the Options are exercised at a price that is lower than the price at which Shares are trading on ASX, there may be a perceived cost to the Company;
- (n) historical share price for the past twelve months is as follows:

	<b>Price</b>	<b>Date</b>
<b>Highest</b>	0.105	30 September 2010
<b>Lowest</b>	0.029	7 June 2011
<b>Last</b>	0.030	5 August 2011

- (o) Shareholders should note that the practice of granting options to non-executive directors as a part of their remuneration package is not in accordance with the ASX Corporate Governance Council's, Principles of Good Corporate Governance and Best Practice Recommendations (Second Edition). However, the Board considers that equity participation by way of the grant of 1,000,000 Options to Mr Simon Jackson is appropriate for the Company at this time having regard to the role he will play in achieving the Company's goals and given the circumstances of the Company; and
- (p) other than the information above and otherwise in this Explanatory Statement, the Company believes that there is no other information that would reasonably be required by the Shareholders to pass Resolution 4.

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## 5. RESOLUTION 5 – APPROVAL OF ISSUE OF OPTIONS TO MR DON FALCONER

Resolution 5 seeks Shareholder approval pursuant to Listing Rule 10.11 and Chapter 2E of the Corporations Act for the issue of 1,000,000 Options (which will be listed on the ASX) exercisable at 10 cents each on or before 31 December 2012 to Mr Don Falconer as a Director of the Company. The Terms of the Options which are set out in Annexure C are the same as those options currently listed on the ASX. These Options are to be free Options to provide an incentive for the future success of the Company.

Subject to certain exceptions, Listing Rule 10.11 restricts a company from issuing or agreeing to issue equity securities to a related party without shareholder approval. If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

The Options described in this Resolution 5 are to be issued under Shareholder approval and the Company seeks Shareholder approval of the issue for the purpose of Listing Rule 10.11 and under Chapter 2E of the Corporations Act to enable the Company to issue the securities.

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. Section 208 of the Corporations Act prohibits a public company giving a financial benefit to a related party unless one of a number of exceptions applies or shareholder approval is obtained.

A "financial benefit" is defined in the Corporations Act in broad terms and expressly includes a public company issuing securities. Section 208 of the Corporations Act provides that for a public company to give a financial benefit to a related party of that company, the public company must:

- (a) obtain the approval of members in the way set out in sections 217 to 227; and
- (b) give the benefit within 15 months after the approval.

For the purpose of this Meeting and in accordance with section 228 of the Corporations Act a related party of the Company includes:

- (a) a Director; and
- (b) an entity controlled by a Director.

Accordingly, Resolution 5 seeks Shareholder approval for the grant of the Options to Mr Don Falconer (or his nominee) for the purposes of Chapter 2E of the Corporations Act.

These Options are to be issued on a pre-Consolidation basis. Accordingly, should Resolution 1 receive Shareholder approval, these Options will be consolidated to 200,000 Options with an exercise price of \$0.50.

**5.1 Specific Information required by ASX Listing Rule 10.13 and Section 219 of the Corporations Act**

In accordance with the requirements of Listing Rule 10.13 and Chapter 2E of the Corporations Act, the following information is provided to Shareholders to allow them to assess the ratification of the issue of the Options the subject of this Resolution 5:

- (a) the Options are to be issued to Mr Don Falconer, a Director of the Company (or his nominee);
- (b) the number of Options to be issued and allotted is 1,000,000, to be issued on a pre-Consolidation basis. Accordingly, should Resolution 1 receive Shareholder approval, these Options will be consolidated to 200,000 Options with an exercise price of \$0.50;
- (c) the Company will issue and allot the Options no later than 1 month after the date of the Meeting (or such longer period as ASX may, in its discretion, allow);
- (d) the terms of the Options are set out in Annexure B;
- (e) upon exercise of the Options, the Shares will be granted on a one for one basis on the same terms as the Company's existing Shares;
- (f) Mr Don Falconer has an interest in Resolution 5 under which the Options will be granted and therefore believes it inappropriate to make a recommendation. The other Directors are unanimously in favour of the grant of the Options in Resolution 5. The current security holdings of Mr Don Falconer are as follows:

<b>Name of Director</b>	<b>Shares</b>	<b>Performance Rights</b>	<b>Options</b>
Mr Don Falconer	Nil	Nil	Nil

- (g) the Options will be issued for nil consideration and as such no funds will be raised from the grant of the Options. If all Options issued pursuant to Resolution 5 are exercised, total funds of \$100,000 would be received by the Company;
- (h) a voting exclusion is included in the notice;
- (i) Mr Don Falconer receives a fee of \$40,000 per annum;
- (j) on the basis of the assumptions below, the value of the Options using the Black-Scholes method are as follows:
  - i. Issue Date: 9 September 2011
  - ii. Expiry Date: 31 December 2012
  - iii. Risk-free Rate: 4.44%
  - iv. Stock Volatility: 130.0%
  - v. Current Share Price: \$0.034

vi. Exercise Price: \$0.10

vii. Value per Option: \$0.0106

- (k) Based on the valuation in (j) above, the financial benefit to Mr Don Falconer under Resolution 5 is \$10,600;
- (l) the exercise of the Options as outlined in Resolution 5 will result in a dilution of all other Shareholders' holdings in the company of 0.56% based on issued shares as at the date of this Explanatory Statement and 0.42% on a fully diluted basis;
- (m) the market price of the Shares would normally determine whether the Directors will exercise the Options or not. If the Options are exercised at a price that is lower than the price at which Shares are trading on ASX, there may be a perceived cost to the Company;
- (n) historical share price for the past twelve months is as follows:

	Price	Date
<b>Highest</b>	0.105	30 September 2010
<b>Lowest</b>	0.029	7 June 2011
<b>Last</b>	0.030	5 August 2011

- (o) Shareholders should note that the practice of granting options to non-executive directors as a part of their remuneration package is not in accordance with the ASX Corporate Governance Council's, Principles of Good Corporate Governance and Best Practice Recommendations (Second Edition). However, the Board considers that equity participation by way of the grant of 1,000,000 Options to Mr Don Falconer is appropriate for the Company at this time having regard to the role he will play in achieving the Company's goals and given the circumstances of the Company; and
- (p) other than the information above and otherwise in this Explanatory Statement, the Company believes that there is no other information that would reasonably be required by the Shareholders to pass Resolution 5.

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## 6. RESOLUTION 6 - RATIFICATION OF ISSUE OF SECURITIES TO LONE STAR

Resolution 6 seeks Shareholder ratification for an issue of 5,000,000 Shares at an issue price of \$0.045 per Share that your Directors made to Lone Star LLC (**Lone Star**) on 29 April 2011.

Subject to certain exceptions, Listing Rule 7.1 restricts a company from issuing or agreeing to issue equity securities in any 12 month period which amount to more than 15% of the company's ordinary securities on issue at the commencement of that period without shareholder approval.

The exception to this rule contained in Listing Rule 7.4 provides an issue made within the 15% limit will be treated as having been made with the approval of shareholders under Listing Rule 7.1 if subsequently approved by shareholders, thereby 'refreshing' the company's ability to issue shares within the 15% limit, and restoring the company's ability to make placements within that limit (if that is thought desirable) without the need for shareholder approval.



While the Shares described in this Resolution 6 have been issued within the 15% limit, the Company seeks Shareholder ratification of the issue of those Shares for the purpose of Listing Rule 7.4 so that the Company's ability to issue securities will be 'refreshed' and it will have flexibility to issue further securities should the need or opportunity arise.

In accordance with the requirements of Listing Rule 7.5, the following information is provided to Shareholders to allow them to assess the ratification of the issue of the Shares the subject of this Resolution 6:

- (a) the number of Shares issued and allotted by the Company was 5,000,000 Shares;
- (b) the Shares were allotted at an issue price of \$0.045 per Share;
- (c) the Shares issued were fully paid ordinary Shares in the capital of the Company and rank *pari passu* with the Company's existing Shares;
- (d) the Shares were issued to Lone Star in accordance with the provisions of a Joint Venture Agreement dated 18 April 2011 (**JV Agreement**) with Lone Star which involved the acquisition, exploration and development of a number of uranium properties in the State of Texas in the United States of America (**USA**);
- (e) The key terms of the JV Agreement and the Company's rationale for entering into the JV Agreement were set out in an announcement to ASX on 28 April 2011;
- (f) No funds were raised with the issue of the Shares.

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## 7. RESOLUTION 7 – RATIFICATION OF ISSUE OF SECURITIES TO STITH

Resolution 7 seeks Shareholder ratification for an issue of 3,000,000 Shares at an issue price of \$0.05 per Share that your Directors made to Stith Mining LLC (**Stith**) on 18 November 2010.

Subject to certain exceptions, Listing Rule 7.1 restricts a company from issuing or agreeing to issue equity securities in any 12 month period which amount to more than 15% of the company's ordinary securities on issue at the commencement of that period without shareholder approval.

The exception to this rule contained in Listing Rule 7.4 provides an issue made within the 15% limit will be treated as having been made with the approval of shareholders under Listing Rule 7.1 if subsequently approved by shareholders, thereby 'refreshing' the company's ability to issue shares within the 15% limit, and restoring the company's ability to make placements within that limit (if that is thought desirable) without the need for shareholder approval.

While the Shares described in this Resolution 7 have been issued within the 15% limit, the Company seeks Shareholder ratification of the issue of those Shares for the purpose of Listing Rule 7.4 so that the Company's ability to issue securities will be 'refreshed' and it will have flexibility to issue further securities should the need or opportunity arise.

In accordance with the requirements of Listing Rule 7.5, the following information is provided to Shareholders to allow them to assess the ratification of the issue of the Shares the subject of this Resolution 7:

- (a) the number of Shares issued and allotted by the Company was 3,000,000 Shares;
- (b) the Shares were allotted at an issue price of \$0.05 per Share;
- (c) the Shares issued were fully paid ordinary Shares in the capital of the Company and rank pari passu with the Company's existing Shares;
- (d) the Shares were issued to Stith in accordance with the provisions of an Agreement dated 11 November 2010 (**Agreement**) with Stith which involved the acquisition of three patented mining claims in the White Picacho District of Maricopa and Yavapai Counties, Arizona, in the USA;
- (e) The key terms of the Agreement and the Company's rationale for entering into the Agreement were set out in an announcement on ASX on 22 November 2010;
- (f) No funds were raised with the issue of the Shares.

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## **8. RESOLUTION 8 – RATIFICATION OF ISSUE OF OPTIONS TO MANAGEMENT**

Resolution 8 seeks Shareholder ratification for an issue of 1,000,000 Options exercisable at 10 cents each on or before 31 December 2012. These Options were issued to provide an incentive for relevant key managers, employees and consultants of the Company and were issued on 8 March 2011.

Subject to certain exceptions, Listing Rule 7.1 restricts a company from issuing or agreeing to issue equity securities in any 12 month period which amount to more than 15% of the company's ordinary securities on issue at the commencement of that period without shareholder approval.

The exception to this rule contained in Listing Rule 7.4 provides an issue made within the 15% limit will be treated as having been made with the approval of shareholders under Listing Rule 7.1 if subsequently approved by shareholders, thereby 'refreshing' the company's ability to issue shares within the 15% limit, and restoring the company's ability to make placements within that limit (if that is thought desirable) without the need for shareholder approval.

While the Options described in this Resolution 8 have been issued within the 15% limit, the Company seeks Shareholder ratification of the issue of those Options for the purpose of Listing Rule 7.4 so that the Company's ability to issue securities will be 'refreshed' and it will have flexibility to issue further securities should the need or opportunity arise.

In accordance with the requirements of Listing Rule 7.5, the following information is provided to Shareholders to allow them to assess the ratification of the issue of the Options the subject of this Resolution 8:

- (a) the number of Options issued and allotted by the Company was 1,000,000 Options;
- (b) the Options were issued for nil consideration and as such no funds were raised from the grant of the Options. If all Options issued pursuant to Resolution 8 are exercised, total funds of \$100,000 would be received by the Company;
- (c) the Options issued were issued to certain of the Company's key management, employees and consultants (or their nominees) as follows:

<b>Employee</b>	<b>Number of Options</b>
Nerida Schmidt	750,000
Frank Bain	250,000
<b>Total</b>	<b>1,000,000</b>

- (d) the allottees of the Options do not include related parties of the Company;  
and
- (e) the terms of the Options are set out in Annexure C.

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**9. ENQUIRIES**

Shareholders are required to contact Nerida Schmidt on +61 (0) 411 709 472 if they have any queries in respect of the matters set out in these documents.

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## GLOSSARY

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**\$** means Australian dollars.

**Annexure** means an Annexure to the Explanatory Memorandum.

**Annual General Meeting** means the annual general meeting of Shareholders of the Company required by section 250N of the Corporations Act.

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

**ASX** means ASX Limited.

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

**Business Days** means any day other than a Saturday, Sunday or public holiday in the State of Western Australia.

**Company** means Australian-American Mining Corporation Limited (ACN 073 155 781).

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

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

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

**Explanatory Statement** means the explanatory statement accompanying the Notice of Meeting.

**Listing Rules** means the listing rules of ASX

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

**Notice** or **Notice of Meeting** means this notice of general meeting including the Explanatory Statement.

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

**Optionholder** means the holder of an Option.

**Proxy Form** means the proxy form attached to the Notice.

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

**Security** means a Share or an Option.

**Securityholder** means the holder of a Security.

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

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

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

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## PROXY FORM

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**APPOINTMENT OF PROXY  
AUSTRALIAN-AMERICAN MINING CORPORATION LIMITED  
ACN 073 155 781**

### GENERAL MEETING

I/We

of

being a member of Australian-American Mining Corporation Limited entitled to attend and vote at the General Meeting, hereby

Appoint

Name of proxy

OR

the Chair of the General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the General Meeting to be held at 10:00am (WST), on 9 September 2011 at 572 Hay Street, Perth, Western Australia, and at any adjournment thereof.

If no directions are given, the Chair will vote in favour of all Resolutions.

If the Chair of the General Meeting is appointed as your proxy, or may be appointed by default, and you do **not** wish to direct your proxy how to vote as your proxy in respect of the **Resolutions** please place a mark in this box.

By marking this box, you acknowledge that the Chair of the General Meeting may exercise your proxy even if he has an interest in the outcome of the Resolutions and that votes cast by the Chair of the General Meeting for the Resolutions 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 Chair will not cast your votes on the Resolutions and your votes will not be counted in calculating the required majority if a poll is called on the Resolutions.

*OR*

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### Voting on Business of the General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 – Approval of Share Consolidation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Amendment of Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Approval of Employee Share Option Plan (ESOP)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Approval of issue of Options to Mr Simon Jackson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Approval of issue of Options to Mr Don Falconer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – Ratification of Issue of Shares to Lone Star LLC	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 – Ratification of Issue of Shares to Stith Mining LLC	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 – Ratification of Issue of Options to Management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

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

Signature of Member(s): \_\_\_\_\_

Date: \_\_\_\_\_

Individual or Member 1

Sole Director/Company Secretary

Member 2

Director

Member 3

Director/Company Secretary

Contact Name: \_\_\_\_\_ Contact Ph (daytime): \_\_\_\_\_

**AUSTRALIAN-AMERICAN MINING CORPORATION LIMITED**  
**ACN 073 155 781**

**Instructions for Completing 'Appointment of Proxy' Form**

1. **(Appointing a Proxy):** A member entitled to attend and vote at a General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
  - **(Individual):** Where the holding is in one name, the member must sign.
  - **(Joint Holding):** Where the holding is in more than one name, all of the members should sign.
  - **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to PO Box 1788, West Perth, WA, 6872; or
  - (b) facsimile to +61 08 9325 5574.

so that it is received not later than 10.00am (WST) on 7 September 2011.

**Proxy forms received later than this time will be invalid.**

## **ANNEXURE A – AMENDMENT TO THE COMPANY’S CONSTITUTION**

Article 11.3 of the Constitution which currently reads:

### ***"11.3 Rotation of Directors***

*At the Company's first annual general meeting, all the Directors shall retire from office, and at the annual general meeting in every subsequent year, one third of the Directors for the time being, or, if their number is not a multiple of 3, then the whole number nearest one-third, shall retire from office. The Directors to retire at an annual general meeting other than the first annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots. A retiring Director is eligible for re-election. No director except a Managing Director shall hold office for a period in excess of 3 years or until the third annual general meeting following his appointment whichever is the longer without submitting himself for re-election."*

shall be replaced in its entirety with:

### ***"11.3 Annual Election of Directors***

*At each of the Company's annual general meetings, all the Directors shall retire from office. If Directors are not elected at an annual general meeting of Shareholders, the incumbent Directors continue in office until their successors are elected."*

and Article 15.4 of the Constitution which currently reads:

### ***"15.4 Rotation"***

*A Managing Director shall not retire by rotation in accordance with Clause 11.3, but if there is more than one Managing Director then the first appointed Managing Director shall not be subject to re-election and the other Managing Director and the Executive Directors shall be subject to re-election."*

shall be deleted in its entirety.

**ANNEXURE B – TERMS OF THE EMPLOYEE SHARE OPTION PLAN PURSUANT TO  
RESOLUTION 3**

**AUSTRALIAN-AMERICAN MINING CORPORATION LIMITED**

**EMPLOYEE SHARE OPTION PLAN**

**9 September, 2011**

**ACN 073 155 781**

**DEFINITIONS AND INTERPRETATION**

**Section 1.01 Definitions.** For purposes of this Employee Share Option Plan, unless such capitalized word or term is otherwise defined herein or the context in which such capitalized word or term is used herein otherwise requires, the following words and terms with the initial letter or letters thereof capitalized shall have the following meanings:

- a) "**Blackout Period**" means a period of time during which (i) the trading guidelines of the Company, as amended or replaced from time to time, restrict one or more participants from trading in securities of the Company or (ii) the Company has determined that one or more participants may not trade any securities of the Company;
- b) "**Blackout Period Expiry Date**" means the date on which a Blackout Period expires;
- c) "**Business Day**" means a day on which the Stock Exchange is open for trading;
- d) "**Committee**" means the Directors or, if the Directors so determine in accordance with section 2.03 hereof, the committee of the Directors authorized to administer this Employee Share Option Plan;
- e) "**Ordinary Shares**" means the ordinary shares of the Company, from time to time;
- f) "**Company**" means Australian-American Mining Corporation Limited, a company existing under the *Corporations Act 2001*, as amended;
- g) "**Designated Affiliates**" means the affiliates of the Company designated by the Committee for purposes of this Employee Share Option Plan from time to time;
- h) "**Directors**" means the directors of the Company from time to time;
- i) "**Eligible Directors**" means the Directors or the directors of any Designated Affiliate from time to time;
- j) "**Eligible Employees**" means employees and officers, whether Directors or not, of the Company or any Designated Affiliate, provided that such employees and officers are either individuals who are considered employees under Australian or Canadian law or individuals who work full-time, or on a continuing and regular basis for a minimum amount of time per week, for the Company or a Designated Affiliate providing services normally provided by an employee and who are subject to the same control and direction by the Company or a Designated Affiliate over the details and methods of work as an employee of



the Company or a Designated Affiliate, but for whom income tax deductions are not made at source;

- k) "**Employment Contract**" means any contract between the Company or any Designated Affiliate and any Eligible Employee, Eligible Director or Other Participant relating to, or entered into in connection with, the employment or departure of the Eligible Employee, the appointment, election or departure of the Eligible Director or the engagement of the Other Participant or any other agreement to which the Company or a Designated Affiliate is a party with respect to the rights of such Participant in respect of the engagement of such Participant;
- l) "**Exercise Price**" has the meaning given to such term in section 3.03 hereof;
- m) "**Insider**" has the meaning given to such term in the policies of the Stock Exchange;
- n) "**Option**" means an option to purchase Ordinary Shares granted pursuant to, or governed by, this Employee Share Option Plan;
- o) "**Optionee**" means a Participant to whom an Option has been granted pursuant to this Employee Share Option Plan;
- p) "**Option Period**" means the period of time during which the particular Option may be exercised, including as extended in accordance with section 3.04 hereof;
- q) "**Other Participant**" means, other than an Eligible Director or an Eligible Employee, any person engaged to provide ongoing management, advisory, consulting, technical or other services (other than services provided in relation to a distribution of securities of the Company) for the Company or a Designated Affiliate, or any employee of such person, under a written contract between the Company and such person, and who spends or will spend a significant amount of time and attention on the affairs and business of the Company or a Designated Affiliate and has a relationship with the Company or a Designated Affiliate that enables such person to be knowledgeable about the business and affairs of the Company or Designated Affiliate, as the case may be;
- r) "**Participant**" means each Eligible Director, Eligible Employee and Other Participant;
- s) "**Employee Share Option Plan**" means this employee share option plan as amended from time to time;
- t) "**Stock Exchange**" means, as the case requires, the Australian Securities Exchange (ASX) and/or the Canadian TSX Venture Exchange (TSX V) or, if the Ordinary Shares are not then listed on either of the ASX or the TSX V, such other principal market on which the Ordinary Shares are then traded as designated by the Committee from time to time; and
- u) "**Termination**" has the meaning given to such term in section 3.11 hereof.

**Section 1.02 Securities Definitions.** In this Employee Share Option Plan, the terms "affiliate", "associate", "subsidiary" and "insider" shall have the meaning given to such terms, as the case requires, in the Australian Corporations Act (2001) or in the *Canadian Securities Act* (Ontario).

**Section 1.03 Headings.** The headings of all articles, sections, paragraphs and subparagraphs in this Employee Share Option Plan are inserted for convenience of reference only and shall not affect the construction or interpretation of this Employee Share Option Plan.

**Section 1.04 Context, Construction.** Whenever the singular or masculine are used in this Employee Share Option Plan the same shall be construed as being the plural or feminine or neuter or vice versa where the context so requires. The word "person" shall be given the widest meaning possible and shall include, without limitation, an individual, a company, a partnership, a limited partnership or any other unincorporated entity.

**Section 1.05 References to this Employee Share Option Plan.** The words "hereto", "herein", "hereby", "hereunder", "hereof" and similar expressions mean or refer to this Employee Share Option Plan as a whole and not to any particular article, section, paragraph, subparagraph or other part hereof.

**Section 1.06 Funds.** Unless otherwise specifically provided, all references to dollar amounts in this Employee Share Option Plan are references to lawful money of Australia or Canada as the case requires.

## ARTICLE TWO

### PURPOSE AND ADMINISTRATION OF THIS EMPLOYEE SHARE OPTION PLAN

**Section 2.01 Purpose of this Employee Share Option Plan.** This Employee Share Option Plan provides for the potential acquisition of Ordinary Shares by Participants for the purpose of advancing the interests of the Company through the motivation, attraction and retention of key employees, directors and consultants of the Company and the Designated Affiliates and to secure for the Company and the shareholders of the Company the benefits inherent in the ownership of Ordinary Shares by key employees, directors and consultants of the Company and the Designated Affiliates, it being generally recognized that share incentive plans can aid in attracting, retaining and encouraging employees, directors and consultants due to the opportunity offered to them to acquire a proprietary interest in the Company.

**Section 2.02 Administration of this Employee Share Option Plan.** This Employee Share Option Plan shall be administered by the Committee and the Committee shall have full authority to administer this Employee Share Option Plan, including the authority to interpret and construe any provision of this Employee Share Option Plan and to adopt, amend and rescind such rules and regulations for administering this Employee Share Option Plan as the Committee may deem necessary or desirable in order to comply with the requirements of this Employee Share Option Plan, subject in all cases to compliance with regulatory requirements. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and conclusive and shall be binding on the Participants and the Company. No member of the Committee shall be personally liable for any action taken or determination or interpretation made in good faith in connection with this Employee Share Option Plan and all members of the Committee shall, in addition to their rights as Directors, be fully protected, indemnified and held harmless by the Company with respect to any such action taken or determination or interpretation made. The appropriate officers of the Company are hereby authorized and empowered to do all things and execute and deliver all instruments, undertakings and applications and writings as they, in their absolute discretion, consider necessary or desirable for the implementation of this Employee Share Option Plan and of the rules and regulations established for administering this Employee Share Option Plan. All costs incurred in connection with this Employee Share Option Plan shall be for the account of the Company. This Employee Share Option Plan shall be administered in accordance with the rules and policies of the Stock Exchange by the Committee so long as the Ordinary Shares are listed on the Stock Exchange.

**Section 2.03 Delegation to Committee.** All of the powers exercisable hereunder by the Directors may, to the extent permitted by applicable law and as determined by resolution of the Directors, be exercised by a committee of the Directors comprised of not less than three Directors.

**Section 2.04 Record Keeping.** The Company shall maintain a register in which shall be recorded:

- a) the name and address of each Optionee;
- b) the number of Ordinary Shares subject to Options granted to each Optionee; and
- c) the aggregate number of Ordinary Shares subject to Options.

**Section 2.05 Determination of Participants.** The Committee shall from time to time determine the Participants who may participate in this Employee Share Option Plan. The Committee shall from time to time determine the Participants to whom Options shall be granted, the number of Ordinary Shares to be made subject to, and the expiry date of, each Option granted to each Participant and the other terms, including any vesting provisions, of each Option granted to each Participant, all such determinations to be made in accordance with the terms and conditions of this Employee Share Option Plan, and the Committee may take into consideration the present and potential contributions of, and the services rendered by, the particular Participant to the success of the Company and any other factors which the Committee deems appropriate and relevant. All Eligible Employees and Other Participants shall be bona fide Eligible Employees or Other Participants, as the case may be.

**Section 2.06 Maximum Number of Shares.**

- i) The maximum number of Ordinary Shares reserved for issue pursuant to this Employee Share Option Plan shall be determined from time to time by the Committee but, in any case, shall not exceed, in the aggregate, 10% of the number of Ordinary Shares then outstanding.
- ii) The maximum number of Ordinary Shares reserved for issue pursuant to Options granted under this Employee Share Option Plan to Participants who are Insiders of the Company in any 12 month period shall not exceed 10% of the number of Ordinary Shares then outstanding, unless disinterested shareholder approval is received therefore in accordance with the policies of the Stock Exchange.
- iii) The maximum number of Ordinary Shares reserved for issue to any one Participant upon the exercise of Options in any 12 month period shall not exceed 5% of the number of Ordinary Shares then outstanding, unless disinterested shareholder approval is received therefore in accordance with the policies of the Stock Exchange.
- iv) The maximum number of Ordinary Shares reserved for issue to any one Other Participant upon the exercise of Options in any 12 month period shall not exceed 2% of the number of Ordinary Shares then outstanding.
- v) The maximum number of Ordinary Shares reserved for issue to all Eligible Employees and to all Other Participants conducting investor relations activities (as such terms are defined in the policies of the Stock Exchange) upon the exercise of Options in any 12 month period shall not exceed, in the aggregate, 2% of the number of Ordinary Shares then outstanding. Options granted to Other Participants performing investor relations activities shall vest in stages over a twelve month period, with no more than

¼ of the Options vesting in any three month period. The Directors shall, through the establishment of appropriate procedures, monitor the trading in the securities of the Company by all Optionees performing investor relations activities.

For purposes of this section 2.06, "the number of Ordinary Shares then outstanding" shall mean the number of Ordinary Shares outstanding on a non-diluted basis calculated at the date of the proposed grant of the applicable Option. All Ordinary Shares reserved for issue upon the exercise of Options outstanding under any Employee Share Option Plan of the Company that has received the approval of the shareholders of the Company prior to the date that this Employee Share Option Plan becomes effective, shall be counted toward the maximum number of Ordinary Shares permitted to be reserved for issue pursuant to any of the provisions of this section 2.06.

## ARTICLE THREE

### EMPLOYEE SHARE OPTION PLAN

**Section 3.01 The Employee Share Option Plan.** This Employee Share Option Plan is hereby established for Eligible Directors, Eligible Employees and Other Participants.

**Section 3.02 Option Notice or Agreement.** Each Option granted to a Participant may be evidenced by an option certificate setting out terms and conditions consistent with the provisions of this Employee Share Option Plan, which terms and conditions need not be the same in each case and which terms and conditions may be changed from time to time.

**Section 3.03 Exercise Price.** The price per share (the "Exercise Price") at which any Ordinary Share which is the subject of an Option may be purchased shall be determined by the Committee at the time the Option is granted, provided that the Exercise Price shall be not less than the closing price of the Ordinary Shares on the Stock Exchange on the last trading day immediately preceding the date of the grant of such Option less the maximum discount, if any, permitted by the Stock Exchange (provided that so long as the Ordinary Shares are listed on the Stock Exchange the Exercise Price will be subject to a minimum price of \$0.10) or, if the Ordinary Shares are not then listed on any Stock Exchange, the Exercise Price shall not be less than the fair market value of the Ordinary Shares as may be determined by the Directors on the day immediately preceding the date of the grant of such Option. Disinterested shareholder approval shall be required for any reduction in the Exercise Price of any Option if the Optionee is an Insider of the Company at the time of the proposed amendment to the Exercise Price.

**Section 3.04 Term of Option.** The Option Period for each Option shall be such period of time as shall be determined by the Committee, subject to amendment by an Employment Contract, provided that in no event shall an Option Period exceed five years. Notwithstanding the definition of Option Period contained herein or the foregoing, the expiration date of an Option will be the date fixed by the Directors with respect to such Option unless such expiration date falls within a Blackout Period or within ten days after a Blackout Period Expiry Date, in which case the expiration date of the Option will be the date which is ten Business Days after the Blackout Period Expiry Date.

**Section 3.05 Lapsed Options.** If Options granted under this Employee Share Option Plan are surrendered, terminate or expire without being exercised in whole or in part, new Options may be granted covering the Ordinary Shares not purchased under such lapsed Options (or such lapsed stock options).

**Section 3.06 Limit on Options to be Exercised.** Except as otherwise specifically provided herein or in any Employment Contract, Options may be exercised by the Optionee in whole at any time, or in part from time to time (in each case to the nearest full Ordinary Share), during the Option Period only in accordance with the vesting schedule, if any, determined by the Committee, in its sole and absolute discretion, subject to the

applicable requirements of the Stock Exchange, at the time of the grant of the Option, which vesting schedule may include performance vesting or acceleration of vesting in certain circumstances and which may be amended or changed by the Committee from time to time with respect to a particular Option. If the Committee does not determine a vesting schedule at the time of the grant of any particular Option, such Option shall be exercisable in whole at any time, or in part from time to time, during the Option Period, subject to the applicable requirements of the Stock Exchange. In the event that the Ordinary Shares are listed on the Stock Exchange, Options with an Exercise Price based on the discounted market price (as such term is defined in the policies of the Stock Exchange), and the Ordinary Shares issuable upon the exercise thereof, shall be subject to the restricted period and legending requirements imposed by the policies of the Stock Exchange.

**Section 3.07 Eligible Participants on Exercise.** An Option may be exercised by the Optionee in whole at any time, or in part from time to time, during the Option Period, provided however that, except as otherwise specifically provided in section 3.10 or 3.11 hereof or in any Employment Contract, no Option may be exercised unless the Optionee at the time of exercise thereof is:

- (a) in the case of an Eligible Employee, an officer of the Company or a Designated Affiliate or in the employment of the Company or a Designated Affiliate and has been continuously an officer or so employed since the date of the grant of such Option, provided however that a leave of absence with the approval of the Company or such Designated Affiliate shall not be considered an interruption of employment for purposes of this Employee Share Option Plan;
- (b) in the case of an Eligible Director who is not also an Eligible Employee, a Director of the Company or a Designated Affiliate and has been such a Director continuously since the date of the grant of such Option; and
- (c) in the case of an Other Participant, engaged, directly or indirectly, in providing ongoing management, advisory, consulting, technical or other services for the Company or a Designated Affiliate and has been so engaged since the date of the grant of such Option.

**Section 3.08 Payment of Exercise Price.** The issue of Ordinary Shares on the exercise of any Option shall be contingent upon receipt by the Company of payment of the aggregate purchase price for the Ordinary Shares in respect of which the Option has been exercised by cash or certified cheque delivered to the registered office of the Company together with a completed notice of exercise. No Optionee or legal representative, legatee or distributee of any Optionee will be, or will be deemed to be, a holder of any Ordinary Shares with respect to which such Optionee was granted an Option, unless and until certificates for such Ordinary Shares are issued to such Optionee, or them, under the terms of this Employee Share Option Plan. Subject to section 3.12 hereof, upon an Optionee exercising an Option and paying the Company the aggregate purchase price for the Ordinary Shares in respect of which the Option has been exercised, the Company shall as soon as practicable thereafter issue and deliver a certificate representing the Ordinary Shares so purchased.

**Section 3.09 Acceleration on Take-over Bid, Consolidation, Merger, etc.** In the event that:

- a) the Company seeks or intends to seek approval from the shareholders of the Company for a transaction which, if completed, would constitute an Acceleration Event (as defined below); or
- b) a person makes a bona fide offer or proposal to the Company or the shareholders of the Company which, if accepted or completed, would constitute an Acceleration Event,

the Company shall send notice to all Optionees of such transaction, offer or proposal as soon as practicable and, provided that the Committee has determined that no adjustment will be made pursuant to section 4.06 hereof, (i) the Committee may, by resolution and notwithstanding any vesting schedule applicable to any Option or section 3.06 hereof, permit all Options outstanding which have restrictions on their exercise to become immediately exercisable during the period specified in the notice (but in no event later than the applicable expiry date of an Option), so that the Optionee may participate in such transaction, offer or proposal, and (ii) the Committee may accelerate the expiry date of such Options and the time for the fulfillment of any conditions or restrictions on such exercise.

In this section 3.09, an Acceleration Event means:

- a) the acquisition by any "offeror" (as defined in the Australian Corporations Act (2001) or the Canadian Securities Act (Ontario), as the case requires, as amended from time to time) of beneficial ownership of more than 50% of the votes attached to the outstanding voting securities of the Company, by means of a take-over bid or otherwise;
- b) any consolidation, merger, statutory amalgamation or arrangement involving the Company and pursuant to which the Company will not be the continuing or surviving Company or pursuant to which the Ordinary Shares will be converted into cash or securities or property of another entity, other than a transaction involving the Company and in which the shareholders of the Company immediately prior to the completion of the transaction will have the same proportionate ownership of the surviving Company immediately after the completion of the transaction;
- c) a separation of the business of the Company into two or more entities;
- d) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company to another entity; or
- e) the approval by the shareholders of the Company of any plan of liquidation or dissolution of the Company.

**Section 3.10 Effect of Death.** If a Participant or, in the case of an Other Participant which is not an individual, the primary individual providing services to the Company or Designated Affiliate on behalf of the Other Participant, shall die, any outstanding Option held by such Participant or Other Participant at the date of such death shall become immediately exercisable notwithstanding section 3.06 hereof, and shall be exercisable in whole or in part only by the person or persons to whom the rights of the Optionee under the Option shall pass by the will of the Optionee or the laws of descent and distribution for a period of 12 months after the date of death of the Optionee or prior to the expiration of the Option Period in respect of the Option, whichever is earlier, and then only to the extent that such Optionee was entitled to exercise the Option at the date of the death of such Optionee in accordance with sections 3.06, 3.07 and 3.11 hereof.

**Section 3.11 Effect of Termination of Engagement.** If a Participant shall:

- a) cease to be a Director of the Company or of a Designated Affiliate, as the case may be (and is not or does not continue to be an employee thereof), for any reason (other than death); or
- b) cease to be employed by, or provide services to, the Company or the Designated Affiliates (and is not or does not continue to be a Director or officer thereof), or any company engaged to provide services to the Company or the Designated Affiliates, for any reason (other than death) or shall receive notice

from the Company or any Designated Affiliate of the termination of his Employment Contract;

(the earliest to occur of any of the foregoing events being referred to herein as a "Termination"), except as otherwise provided in any Employment Contract, such Participant may, but only within the 90 days next succeeding such Termination, exercise the Options to the extent that such Participant was entitled to exercise such Options at the date of such Termination. Notwithstanding the foregoing or any Employment Contract, in no event shall such right extend beyond the Option Period.

**Section 3.12 Necessary Approvals.** The obligation of the Company to issue and deliver any Ordinary Shares in accordance with this Employee Share Option Plan shall be subject to any necessary approval of any Stock Exchange or regulatory authority having jurisdiction over the securities of the Company. If any Ordinary Shares cannot be issued to any Participant upon the exercise of an Option for whatever reason, the obligation of the Company to issue such Ordinary Shares shall terminate and any Exercise Price paid to the Company in respect of the exercise of such Option shall be returned to the Participant.

## ARTICLE FOUR

### GENERAL

**Section 4.01 Effective Time of this Employee Share Option Plan.** This Employee Share Option Plan shall become effective upon a date to be determined by the Directors.

**Section 4.02 Amendment of Plan.** The Committee may from time to time in the absolute discretion of the Committee, subject to the applicable requirements of the Stock Exchange, amend, modify and change the provisions of this Employee Share Option Plan or any Options granted pursuant to this Employee Share Option Plan, provided that any amendment, modification or change to the provisions of this Employee Share Option Plan or any Options granted pursuant to this Employee Share Option Plan which would:

- a) materially increase the benefits under this Employee Share Option Plan or any Options granted pursuant to the Plan;
- b) increase the number of Ordinary Shares, other than by virtue of sections 4.06 and 4.07 hereof, which may be issued pursuant to this Employee Share Option Plan; or
- c) materially modify the requirements as to eligibility for participation in this Employee Share Option Plan;

shall only be effective upon such amendment, modification or change being approved by the shareholders of the Company, and, if required, by any Stock Exchange or any other regulatory authority having jurisdiction over the securities of the Company. In addition, if an Optionee is an Insider of the Company at the time of an amendment, modification or change that would materially increase the benefits under any of his Options granted pursuant to this Shares Option Plan, the Company must obtain disinterested shareholder approval.

**Section 4.03 Non-Assignable.** No rights under this Employee Share Option Plan and no Option awarded pursuant to this Employee Share Option Plan are assignable or transferable by any Participant other than pursuant to a will or by the laws of descent and distribution.

**Section 4.04 Rights as a Shareholder.** No Optionee shall have any rights as a shareholder of the Company with respect to any Ordinary Shares which are the subject of an Option. No Optionee shall be entitled to receive any dividends, distributions or other rights declared for shareholders of the Company for which the record date is prior to the

date of issue of certificates representing Ordinary Shares acquired upon the exercise of Options of such Optionee.

**Section 4.05 No Contract of Employment.** Nothing contained in this Employee Share Option Plan shall confer or be deemed to confer upon any Participant the right to continue in the employment of, or to provide services to, the Company or any Designated Affiliate nor interfere or be deemed to interfere in any way with any right of the Company or any Designated Affiliate to discharge any Participant at any time for any reason whatsoever, with or without cause. Participation in any of this Employee Share Option Plan by a Participant shall be voluntary.

**Section 4.06 Consolidation, Merger, etc.** If there is a consolidation, merger or statutory amalgamation or arrangement of the Company with or into another company, a separation of the business of the Company into two or more entities or a sale, lease exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company to another entity, upon the exercise of an Option under this Employee Share Option Plan the holder thereof shall be entitled to receive the securities, property or cash which the holder would have received upon such consolidation, merger, amalgamation, arrangement, separation or transfer if the holder had exercised the Option immediately prior to the effective time of such event, unless the Committee otherwise determines the basis upon which such Option shall be exercisable.

**Section 4.07 Adjustment in Number of Ordinary Shares Subject to the Plan.** In the event there is any change in the Ordinary Shares, whether by reason of a stock dividend, consolidation, subdivision, reclassification or otherwise, an appropriate adjustment shall be made by the Committee in:

- a) the number of Ordinary Shares available under this Employee Share Option Plan;
- b) the number of Ordinary Shares subject to any Option; and
- c) the Exercise Price of the Ordinary Shares subject to Options.

If the foregoing adjustment shall result in a fractional Ordinary Share, the fraction shall be disregarded. All such adjustments shall be conclusive, final and binding for all purposes of this Employee Share Option Plan.

**Section 4.08 Securities Exchange Take-over Bid.** in the event that the Company becomes the subject of a take-over bid (within the meaning of the Australian Corporations Act (2001) or the *Canadian Securities Act* (Ontario), as the case requires, and as amended from time to time) as a result of which all of the outstanding Ordinary Shares are acquired by the offeror through compulsory acquisition provisions of the incorporating statute or otherwise, and where consideration is paid in whole or in part in equity securities of the offeror, the Committee may send notice to all Optionees requiring them to surrender their Options within 10 days of the mailing of such notice, and the Optionees shall be deemed to have surrendered such Options on the tenth day after the mailing of such notice without further formality, provided that:

- a) the Committee delivers with such notice an irrevocable and unconditional offer by the offeror to grant replacement Options to the Optionees on the equity securities offered as consideration;
- b) the Committee has determined, in good faith, that such replacement Options have substantially the same economic value as the Options being surrendered; and



- c) the surrender of Options and the granting of replacement Options can be effected on a tax free rollover basis under Australian or Canadian applicable law.

**Section 4.09 No representation or Warranty.** The Company makes no representation or warranty as to the future market value of any Ordinary Shares issued in accordance with the provisions of this Employee Share Option Plan.

**Section 4.10 Participation through Registered Retirement Savings Plan's and Holding Companies.** Subject to the approval of the Committee, an Eligible Employee or Eligible Director may elect, at the time rights or Options are granted under this Employee Share Option Plan, to participate in this Employee Share Option Plan by holding any rights or Options granted under this Employee Share Option Plan in a registered retirement savings plan established by such Eligible Employee or Eligible Director for the sole benefit of such Eligible Employee or Eligible Director or in a personal holding company controlled by such Eligible Employee or Eligible Director. for the purposes of this section 4.10, a personal holding company shall be deemed to be controlled by an Eligible Employee or Eligible Director if (i) voting securities carrying 100% of the votes for the election of directors of such company are held, otherwise than by way of security only, by or for the benefit of such Eligible Employee or Eligible Director and the votes carried by such voting securities are entitled, if exercised, to elect a majority of the board of directors of such company, and (ii) all of the equity securities of such company are directly held, otherwise than by way of security only, by or for the benefit of such Eligible Employee or Eligible Director. in the event that an Eligible Employee or Eligible Director elects to hold the Options granted under this Employee Share Option Plan in a registered retirement savings plan or personal holding company, such Eligible Employee or Eligible Director must submit certifications, undertakings or any other documents, if any, required by the Stock Exchange, and the provisions of this Employee Share Option Plan shall continue to apply as if the Eligible Employee or Eligible Director held such Options directly.

**Section 4.11 Compliance with Applicable Law.** If any provision of this Employee Share Option Plan or any Option contravenes any law or any order, policy, by-law or regulation of any regulatory body having jurisdiction over the securities of the Company, then such provision shall be deemed to be amended to the extent necessary to bring such provision into compliance therewith.

**Section 4.12 Interpretation.** This Employee Share Option Plan shall be governed by, and be construed in accordance with, the laws of Australia and Canada, as the case requires depended upon where the Participant is domiciled.

Adopted by the Directors of the Company with Shareholder approval on the **9th** day of **September, 2011**.

## ANNEXURE C – TERMS AND CONDITIONS OF OPTIONS ISSUED PURSUANT TO RESOLUTIONS 4, 5 and 8

The terms and conditions of the Options are as follows:

(a) **Exercise Price**

The exercise price of each Option is 10 cents per Share.

(b) **Entitlement**

Each Option shall entitle the holder the right to subscribe (in cash) for one Share in the capital of the Company.

(c) **Option Period**

The Options will expire at 5.00pm WST on 31 December 2012. Subject to clause (g), Options may be exercised at any time prior to the expiry date and Options not so exercised shall automatically expire on the expiry date.

(d) **Ranking of Share Allotted on Exercise of Option**

Each Share allotted as a result of the exercise of any Option will, subject to the Constitution of the Company, rank in all respects pari passu with the existing Shares in the capital of the Company on issue at the date of allotment.

(e) **Voting**

A registered owner of an Option (**Option Holder**) will not be entitled to attend or vote at any meeting of the members of the Company unless they are, in addition to being an Option Holder, a member of the Company.

(f) **Transfer of an Option**

Options are transferable at any time prior to the expiry date. This right is subject to any restrictions on the transfer of Options that may be imposed by the ASX in circumstances where the Company is listed on the ASX.

(g) **Method of Exercise of an Option**

i) The Company will provide to each Option Holder a notice that is to be completed when exercising the Options (**Notice of Exercise of Options**). Options may be exercised by the Option Holder by completing the Notice of Exercise of Options and forwarding the same to the Company Secretary to be received prior to the expiry date. The Notice of Exercise of Options must state the number of Options exercised and the consequent number of Ordinary Shares in the capital of the Company to be allotted; which number of Options must be a multiple of 2,500 if only part of the Option Holder's total Options are exercised, or if the total number of Options held by an Option Holder is less than 2,500, then the total of all Options held by that Option Holder must be exercised.

ii) The Notice of Exercise of Options by an Option Holder must be accompanied by payment in full for the relevant number of shares being subscribed, being an amount of 10 cents(\$0.10) per Share.

- iii) Subject to paragraph (g)(i) above, the exercise of less than all of an Option Holder's Options will not prevent the Option Holder from exercising the whole or any part of the balance of the Option Holder's entitlement under the Option Holder's remaining Options.
- iv) Within 14 days from the date the Option Holder properly exercises Options held by the Option Holder, the Company shall issue and allot to the Option Holder that number of Shares in the capital of the Company so subscribed for by the Option Holder.
- v) The Company will within 3 business days from the date of issue and allotment of Shares pursuant to the exercise of an Option, apply to the ASX for, and use its best endeavours to obtain, Official Quotation of all such Shares, in accordance with the Corporations Act and the Listing Rules of the ASX.
- vi) The Company will generally comply with the requirements of the Listing Rules in relation to the timetables imposed when quoted Options are due to expire. Where there shall be any inconsistency between the timetables outlined herein regarding the expiry of the Options and the timetable outlined in the Listing Rules, the timetable outlined in the Listing Rules shall apply.

(h) **ASX Listing**

Application for quotation of the Options on the ASX will be made.

(i) **Reconstruction**

In the event of a reconstruction (including a consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Option Holder 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.

(j) **Participation in New Share Issues**

There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its shareholders from time to time prior to the expiry date unless and until the Options are exercised. The Company will ensure that during the exercise period, the record date for the purposes of determining entitlements to any new such issue, will be at least nine (9) business days after such new issues are announced (or such other date if required under the Listing Rules) in order to afford the Option Holder an opportunity to exercise the Options held by the Option Holder.

(k) **No Change of Options Exercise Price or Number of Underlying Shares**

There are no rights to change the exercise price of the Options or the number of underlying Shares

