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**COBRE MONTANA NL**

**ABN 29 126 129 413**

**NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 11:30am WST

**DATE:** Monday, 24 November 2014

**PLACE:** Cobre Montana NL  
Suite 3  
23 Belgravia Street  
Belmont WA 6104

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

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (08) 6145 0288.***

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## **TIME AND PLACE OF MEETING AND HOW TO VOTE**

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### **TIME AND PLACE**

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The Annual General Meeting will be held at **11:30am WST on Monday, 24 November 2014** at the offices of Cobre Montana NL: Suite 3, 23 Belgravia Street, Belmont WA 6104.

### **YOUR VOTE IS IMPORTANT**

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

### **VOTING IN PERSON**

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

### **VOTING BY PROXY**

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You can appoint a proxy to attend and vote on your behalf as an alternative to attending the Meeting in person or casting a direct vote.

A proxy need not be a Shareholder and may be an individual or a company. If you are entitled to cast two or more votes at the Meeting, you may appoint up to two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If you do not specify a proportion or number, each proxy may exercise half of the votes.

To vote by proxy, please complete and sign the enclosed Proxy Form in accordance with the instructions set out on the form and either send the Proxy Form:

- (a) by post, to Cobre Montana NL, PO Box 588, Belmont WA 6984;
- (b) by facsimile, to the Company on facsimile number (08) 9475 0847; or
- (c) by email, to the Company at [info@cobremontana.com.au](mailto:info@cobremontana.com.au),

so that it is received not later than **11:30am WST on Thursday, 20 November 2014**.

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

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## NOTICE OF ANNUAL GENERAL MEETING

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Notice is given that the Annual General Meeting of shareholders of Cobre Montana NL will be held at the offices of Cobre Montana NL: Suite 3, 23 Belgravia Street, Belmont WA 6104 at 11:30am WST on Monday, 24 November 2014.

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

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 4:00pm WST on Thursday, 20 November 2014.

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

### AGENDA

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#### Reports and Accounts

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2014, together with the declaration of the directors, the Directors' Report, the Remuneration Report and the auditor's Report.

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#### 1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT (NON-BINDING)

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

*"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the Company to adopt the Remuneration Report for the financial year ended 30 June 2014."*

**Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.** However, if 25% or more votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, shareholders will be required to vote at the second of those AGMs on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's directors (other than the Managing Director) must go up for re-election.

**Voting Exclusion:** Votes cannot be cast on this Resolution by or on behalf of a member of the Key Management Personnel or any of their closely related parties (such as close family members and any controlled companies), unless the vote is cast as proxy for a person who is entitled to vote in accordance with a direction on the Proxy Form specifying how the proxy is to vote, or the vote is cast by the Chairman pursuant to an express authorisation to exercise the proxy.

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#### 2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – BRYAN DIXON

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

*"That, for the purpose of ASX Listing Rule 14.4, rule 73.1 of the Constitution and for all other purposes, Bryan Dixon, being a Director, retires by rotation and, being eligible, is re-elected as a Director."*

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### 3. RESOLUTION 3 – APPROVAL FOR ADDITIONAL PLACEMENT CAPACITY

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

*“That, for the purpose of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue and allotment of Equity Securities totaling up to 10% of the number of Shares (at the time of the issue) over a 12 month period, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person (and any associates of such a person) who may participate in the proposed issue of Equity Securities and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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### 4. RESOLUTION 4 – RATIFICATION OF THE ISSUE OF PARTLY PAID SHARES

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

*“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, the Company ratifies the issue of 494,000 partly paid Shares on the terms and subject to the conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person (and any associates of such a person) who may participate in the proposed issue of Equity Securities and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares if the resolution is passed (and any associates of those persons). 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.

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### 5. RESOLUTION 5 – PLACEMENT OF SHARES

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

*“That for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to issue and allot shares up to that number of Shares, when multiplied by the issue price, to a value of \$2,000,000 at a price that is at least 80% of the average market price of the Shares calculated over the last 5 days on which sales in the Shares were recorded before the date on which the issue is made; and otherwise on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on Resolution 5 by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if Resolution 5 is passed and any associate of those persons. 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.

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**DATED: 17 OCTOBER 2014**

**BY ORDER OF THE BOARD**

**ELIZABETH HUNT  
COMPANY SECRETARY  
COBRE MONTANA NL**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding how to vote on the Resolutions. The Directors recommend that Shareholders read this Explanatory Statement in full, together with the accompanying Notice.

### FINANCIAL STATEMENTS

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2014 together with the declaration of the directors, the Directors' Report, the Remuneration Report and the Auditor's Report.

The audited financial statements for the year ended 30 June 2014 includes an emphasis of matter in the audit opinion. The basis for the emphasis of matter was the material uncertainty regarding the Company's ability to continue as a going concern. Please refer to the annual report for the year ended 30 June 2014 for further details.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at [www.cobremontana.com.au](http://www.cobremontana.com.au).

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## 1. RESOLUTION 1 – REMUNERATION REPORT (NON-BINDING RESOLUTION)

### 1.1 General

The Corporations Act requires a resolution that the Remuneration Report be adopted be put to the shareholders at a listed company's annual general meeting. However, such a resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2014.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

### 1.2 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

- (a) **If you appoint a member of the Key Management Personnel as your proxy** (other than the Chair) whose remuneration details are included in the Remuneration Report, or a closely related party of such a member, **you must** direct your proxy how to vote on this Resolution. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.
- (b) **If you appoint the Chair as your proxy** (where he or she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a closely related party of such a member), you **do not** need to direct your proxy how to vote on this Resolution. However, if you do not direct the Chair how to vote, the

Chair to exercise his or her discretion in exercising your proxy even though this Resolution is connected directly or indirectly with the remuneration of Key Management Personnel.

- (c) **If you appoint any other person as your proxy**, you **do not** need to direct your proxy how to vote on this Resolution, and you **do not** need to mark any further acknowledgement on the Proxy Form.

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## 2. RESOLUTION 2 – RE-ELECTION OF BRYAN DIXON

ASX Listing Rule 14.4 provides that a director of an entity must not hold office (without re-election) past the third annual general meeting following the Director's appointment or 3 years, whichever is longer.

A retiring Director is eligible for re-election. The Directors to retire at any annual general meeting must be 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 must (unless they otherwise agree among themselves) be determined by lot.

Bryan Dixon retires and seeks re-election in accordance with ASX Listing Rule 14.4 and rule 73.1 of the Constitution. Details regarding Bryan Dixon are set out in the 2014 Annual Report.

The Directors, other than Bryan Dixon, recommend that Shareholders vote in favour of Resolution 2.

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## 3. SPECIAL RESOLUTION 3 – APPROVAL FOR ADDITIONAL PLACEMENT CAPACITY

### 3.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval to allow it to issue Equity Securities up to 10% of its issued capital over a period up to 12 months after the entity's annual general meeting (**10% Placement Capacity**).

The Company is an Eligible Entity.

If Shareholders approve Resolution 3, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

The effect of Resolution 3 will be to allow the Directors to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

Resolution 3 is a **special resolution**. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 3 for it to be passed.

### 3.2 ASX Listing Rule 7.1A

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

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An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$1,521,239 (as at 7 October 2014).

The Equity Securities must be in the same class as an existing class of quoted Equity Securities. The Company currently has two classes of quoted Equity Securities on issue, being the Shares (ASX Code: CXB) and Partly Paid Shares (ASX Code: CXBCA).

### 3.3 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 3:

(a) **Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in paragraph 3.3(a)(i), the date on which the Equity Securities are issued.

(b) **Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Annual General Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of the Annual General Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking), after which date, an approval under Listing Rule 7.1A ceases to be valid.

(c) **Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 3 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10%



Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A.2, on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (variable "A" in ASX Listing Rule 7.1A.2)	Dilution			
	Dilution based on number of Shares issued (being 10% of the number of Shares at the time of issue)	Funds raised based on issue price of \$0.009 (50% decrease in current issue price)	Funds raised based on issue price of \$0.018 (Current issue price)	Funds raised based on issue price of \$0.027 (50% increase in current issue price)
<b>84,513,285 (Current)</b>	8,451,329	\$76,062	\$152,124	\$228,186
<b>126,769,928 (50% increase)*</b>	12,676,993	\$114,093	\$228,186	\$342,279
<b>169,026,570 (100% increase)*</b>	16,902,657	\$152,124	\$304,248	\$456,372

\*The number of Shares on issue could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

**The table above uses the following assumptions:**

1. The current shares on issue are the Shares on issue as at 7 October 2014.
2. The issue price set out above is the closing price of the Shares on the ASX on 7 October 2014.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Annual General Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
6. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
7. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.

Shareholders should note that there is a risk that:

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- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Annual General Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) **Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration, in which case the Company intends to use funds raised for:
- (A) the acquisition of new resources, assets and investments (including expenses associated with such an acquisition); and
  - (B) continued exploration expenditure on the Company's exploration projects; or
- (ii) as non-cash consideration for the acquisition of new resources assets and investments, in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

(e) **Allocation under the 10% Placement Capacity**

The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the Company's circumstances, including, but not limited to, its financial position and solvency;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the allottees under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(f) Previous Approval under ASX Listing Rule 7.1A

The Company obtained approval under ASX Listing Rule 7.1A at its previous annual general meeting on 15 November 2013. In accordance with Listing Rule 7.3A.6, since 15 November 2013, the Company has issued 64,218,278 Shares (26,290,277 fully paid ordinary and 37,928,001 partly paid; paid to \$0.001) which represents 47.9% of the total number of Equity Securities on issue on 9 October 2014. The Equity Securities issued during this time were as follows:

Issue date	Equity Securities	Persons issued to or basis of issue	Price amount raised and use of funds or value of non-cash consideration
3 December 2013 to 31 January 2014	3,690,954 fully paid ordinary shares	Private Investors	Shares Issued at \$0.055 and funds were used by the Company primarily to progress the Mantos Grandes project (Chile) and for general working capital purposes.
24 January 2014 to 10 February 2014	3,998,445 fully paid ordinary shares	Private Investors	Shares Issued at \$0.055 and funds were used by the Company primarily to progress the Mantos Grandes project (Chile) and for general working capital purposes.
27 March 2014 to 28 March 2014	3,553,846 fully paid ordinary shares	Acquisition of Project	Shares Issued at \$0.05 for the acquisition of the Piedrecillas project.
8 April 2014 to 21 May 2014	4,799,095 fully paid ordinary shares	Private Investors	Shares Issued at \$0.055 and funds were used by the Company primarily to progress the Mantos Grandes and Piedrecillas projects (Chile) and for general working capital purposes.
19 June 2014 to 18 July 2014	8,879,636 fully paid ordinary shares	Existing Shareholders	The Shares were issued at \$0.04 as acceptance and shortfall of the entitlement issue prospectus dated 5 May 2014. The funds were used for the Piedrecillas project and new project generation.
18 July 2014	768,301 fully paid ordinary shares	Directors & Senior Management	The Shares were issued at an average of \$0.0514 as per Director & Senior Management Fee & Remuneration Sacrifice Share Plan.
24 July 2014 to 28 July 2014	37,434,001 partly paid shares (deemed paid to \$0.001 unpaid \$0.049)	Existing Shareholders	The shares were issued for no consideration as part of bonus issue to existing shareholders.
4 September 2014	500,000 fully paid ordinary shares	Private Investors	The Shares were issued for \$0.05 and funds were used by the Company primarily for general working capital purposes.
4 September 2014	494,000 partly paid shares (deemed paid to \$0.001 unpaid \$0.049)	Existing Shareholders	The shares were issued for no consideration as part of bonus issue to existing shareholders.
12 September 2014	100,000 fully paid ordinary shares	Dempsey Minerals Limited	Deemed issue price of \$0.04 per share. Part consideration for the database for tenement E74/0543.

(i) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it will give to ASX:

- (i) a list of the allottees of the Equity Securities and the number of Equity Securities allotted to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

**3.4 ASX Listing Rule 7.3**

ASX Listing Rule 7.3 requires disclosure of additional information if the 10% Placement Capacity was utilised during the prior year. The Company did not utilise the 10% Placement Capacity during the prior year.

**3.5 Voting Exclusion**

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 3.

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**4. RESOLUTION 4 – RATIFICATION OF THE ISSUE OF PARTLY PAID SHARES**

**Resolution 4 seeks Shareholder ratification of the issue of 494,000 Partly Paid Shares on the terms set out below.**

**Background to Resolution 4**

On 4 September 2014 the Company issued 494,000 Partly Paid Shares to a section 708 private investor on the same terms and conditions as the Bonus Offer to Shareholders pursuant to the Prospectus dated 5 May 2014.

Approval is now sought to ratify the issue of these 494,000 Partly Paid Shares which were issued outside the timeframe set on in the Prospectus dated 5 May 2014.

**ASX Listing Rule 7.4**

Under Chapter 7 of the ASX Listing Rules, there are limitations on the capacity of a company to enlarge its capital by the issue of equity securities.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made without approval pursuant to ASX Listing Rule 7.1 (provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be treated

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as having been made with shareholder approval for the purpose of ASX Listing Rule 7.1

Approval is sought under Resolution 4 to allow the Company to ratify the issue of the 494,000 Partly Paid Shares (previously made by the Company without Shareholder approval in reliance on the Company's 15% placement capacity) under and for the purposes of ASX Listing Rule 7.4. The reason for an approval under ASX Listing Rule 7.4 is to reinstate the Company's capacity to issue up to 15% of its issued ordinary securities without the approval of its Shareholders in any 12 month period.

The following information is provided to Shareholders for the purposes of obtaining Shareholder approval of the Partly Paid Share issue the subject of Resolution 4 in accordance with ASX Listing Rule 7.5:

- (a) the number of securities issued by the Company was 494,000 Partly Paid Shares issued pursuant to ASX Listing Rule 7.1;
- (b) the Partly Paid Shares were issued on 4 September 2014;
- (c) no consideration was received for the Partly Paid Shares, as the Shares were issued as bonus on the same terms and conditions as the Bonus Offer to Shareholders pursuant to the Prospectus dated 5 May 2014;
- (d) the rights and liabilities attaching to the Partly Paid Shares are set out in Annexure A;
- (e) the allottee of the Partly Paid Shares was not a related party of the Company.

#### **Directors' Recommendation**

None of the Directors have a material personal interest in the subject matter of Resolution 4. The Board believes that the ratification of the Share issue the subject of Resolution 4 is beneficial for the Company. The Board recommends Shareholders vote in favor of Resolution 4.

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## **5. RESOLUTION 5 – PLACEMENT OF SHARES**

Resolution 5 seeks shareholder approval for the issue and allotment of up to that number of Shares that, when multiplied by the issue price, will raise up to \$2M on the terms set out below ('Placement').

The effect of Resolution 5 will be to allow the Directors to issue the Shares pursuant to the Placement during the period of three months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% placement capacity.

### **5.1 ASX Listing Rule 7.1**

ASX Listing Rule 7.1 provides that (subject to certain exceptions (none of which is relevant here) prior approval of Shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of shares on issue at the commencement of that 12 month period.

For the purposes of ASX Listing Rule 7.3, the following information is provided in relation to Resolution 5 to allow Shareholders to assess the proposed Placement

for the future issue of Shares which, when multiplied by the issue price equals \$2,000,000;

- (a) the issue price of the Shares proposed to be allotted and issued will be at a price that is at least 80% of the average market price of the Shares calculated over the last 5 days on which sales in the Shares were recorded before the date on which the issue is made;
- (b) the allottees in respect of Resolution 5 are not, as yet, identifiable, but will be subscribers to be identified by the Company and any brokers appointed by the Company to manage the issue. The allottees will not be related parties of the Company;
- (c) the Shares to be issued will rank pari-passu on allotment and issue with the existing fully paid ordinary Shares of the Company;
- (d) the Shares to be issued will be allotted progressively as allottees are identified, however no Shares will be issued or allotted after the date which is three (3) months after the date of the Meeting.
- (e) the Company intends to use the funds raised by the issue of Shares the subject of Resolution 5, for general working capital purposes, current and potential projects, business development purposes, acquisition of new projects and consultancy fees.

## **5.2 Directors' Recommendation**

None of the Directors has a material personal interest in the subject matter of Resolution 5. The Board recommends Shareholders vote in favour of Resolution 5 as it will enable the Company to fund its ongoing commitments.

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## GLOSSARY

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In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

**\$** means Australian dollars.

**10% Placement Capacity** has the meaning given in section 3 of this Notice.

**2014 Annual Report** means the Company's annual report for the year ended 30 June 2014, which can be downloaded from the Company's website at [www.cobremontana.com.au](http://www.cobremontana.com.au).

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

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

**ASX** means ASX Limited (ACN 008 724 791).

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

**Board** means the Board of Directors.

**Company** or **Cobre Montana** means Cobre Montana NL (ABN 29 126 129 413).

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

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

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

**Eligible Entity** means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

**Equity Securities** has the meaning given by the ASX Listing Rules and includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as such.

**Explanatory Statement** means this explanatory statement which accompanies and forms part of the Notice.

**Key Management Personnel** has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

**Notice** means the notice of meeting accompanying this Explanatory Statement.

**Partly Paid Share** means a partly paid ordinary share in the capital of the Company.

**Proxy Form** means the proxy form accompanying this Explanatory Statement.

**Remuneration Report** means that section of the directors' report under the heading "Remuneration Report" set out in the 2014 Annual Report.

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

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

**Shareholder** means a shareholder of the Company.

**WST** means Western Standard Time.

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## RIGHTS AND LIABILITIES ATTACHING TO PARTLY PAID SHARES

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The New Partly Paid Shares will rank equally in all respects with fully paid ordinary shares on issue, subject to the following terms and conditions, notwithstanding any differences in the amount that the New Partly Paid Shares are paid up to.

- (a) Each New Partly Paid Share:
- (i) will be allotted and issued at a total issue price of \$0.05 per New Partly Paid Share;
  - (ii) is deemed to be paid up to \$0.001;
  - (iii) has an initial unpaid amount of \$0.049;
  - (iv) carries the right to participate in new issues of securities to holders of fully paid Shares (except bonus issues) to the extent of the New Partly Paid shares being paid up;
  - (v) carries the right to participate in bonus issues of securities in the proportion which the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited) and, further, each holder of New Partly Paid Shares (**Partly Paid Shareholder**) will be notified by the Company of any proposed bonus issue of securities at least 14 days prior to the record date for any such issue;
  - (vi) carries the right to vote in the proportion which the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited); and
  - (vii) carries the right to participate in dividends on the same basis as if the New Partly Paid Shares were fully paid up unless a call has been made on the New Partly Paid Shares and that call is due and unpaid.
- (b) At least 15 Business Days' notice of any call will be provided to Partly Paid Shareholders.
- (c) The Company will not make any call in respect of the unpaid amount within the first 6 months following the issue of the New Partly Paid Shares. After that date, the Company will not call more than \$0.02 in any 6 month period.
- (d) If the Company is listed on ASX, the Company will apply to have the fully paid Shares (that have come about as a result of the Partly Paid Shareholder paying the unpaid amount in full) listed for quotation by ASX within 10 days of the date of any such payment of the unpaid amount.
- (e) Subject to meeting the requirements of the ASX Listing Rules, the New Partly Paid Shares will be quoted on the ASX.
- (f) Should there be any conflict between these terms and the ASX Listing Rules, the ASX Listing Rules will prevail.
- (g) If the Company is listed on ASX and there is a reorganisation of the issued capital of the Company (including, but not limited to, a consolidation, subdivision, cancellation, reduction or return of capital):
- (i) the number of New Partly Paid Shares must be reorganised in the same proportion as all other classes of shares on issue; and

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- (ii) the reorganisation must not involve a cancellation or reduction of the total amount payable and unpaid by Partly Paid Shareholders.
  - (h) In accordance with Part 2H.3 of the Corporations Act and the ASX Listing Rules, New Partly Paid Shareholders do not have a contractual obligation to pay calls in respect of the unpaid amount on their New Partly Paid Shares. However, the New Partly Paid Shares the subject of a call will be liable to forfeiture if a call remains unpaid at the end of 14 Business Days after it became payable. Forfeited New Partly Paid Shares may then be sold by the Company by public auction in accordance with the Corporations Act.

PROXY FORM  
COBRE MONTANA NL  
ABN 29 126 129 413

ANNUAL GENERAL MEETING

I/We

of

being a member of Cobre Montana NL entitled to attend and vote at the Annual General Meeting, hereby

appoint

Name of proxy

OR

the Chair of the Annual General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the Annual 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 Annual General Meeting to be held at the offices of Cobre Montana NL: Suite 3, 23 Belgravia Street, Belmont WA 6104 at 11:30am WST on Monday, 24 November 2014, and at any adjournment thereof.

**AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS**

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

**CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES**

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

**Voting on Business of the Annual General Meeting**

		FOR	AGAINST	ABSTAIN
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director – Bryan Dixon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval for additional placement capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Ratification of the issue of 494,000 Partly Paid Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Placement of Share	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please 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 to 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):** \_\_\_\_\_

**E-mail Address:** \_\_\_\_\_ **Consent for contact by e-mail YES**  **NO**

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## Instructions for Completing 'Appointment of Proxy' Form

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1. A Shareholder entitled to attend and vote at a meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a Shareholder of the Company. In the case of joint holders, all must sign.
3. Corporate Shareholders should comply with the execution requirements set out on the proxy form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
  - Directors of the Company;
  - a Director and a company secretary of the Company; or
  - for a proprietary company that has a sole Director who is also the sole company secretary – that Director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole Director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a proxy form will not prevent individual Shareholders from attending the meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the meeting.
5. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
6. To vote by proxy, please complete and sign the Proxy Form enclosed and either send the Proxy Form :
  - (a) by post, to Cobre Montana NL, PO Box 588, Belmont WA 6984
  - (b) by facsimile, to the Company on facsimile number (08) 9475 0847; or
  - (c) by email, to the Company at info@cobremontana.com.au

so that it is received not later than **11:30am WST on Thursday, 20 November 2014.**

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