

COBRE MONTANA NL

ABN 29 126 129 413

NOTICE OF GENERAL MEETING

TIME: 10.00am WST

DATE: Wednesday, 15 July 2015

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.

For personal use only

TIME AND PLACE OF MEETING AND HOW TO VOTE

TIME AND PLACE

The General Meeting will be held at **10:00am WST on Wednesday, 15 July 2015** at the offices of Cobre Montana NL: Suite 3, 23 Belgravia Street, Belmont WA 6104.

YOUR VOTE IS IMPORTANT

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

VOTING IN PERSON

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

VOTING BY PROXY

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,

so that it is received not later than **10:00am WST on Monday, 13 July 2015**.

Proxy forms received later than this time will be invalid.

NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of shareholders of Cobre Montana NL will be held at **10:00am WST on Wednesday, 15 July 2015** at the offices of Cobre Montana NL: Suite 3, 23 Belgravia Street, Belmont WA 6104.

The Explanatory Statement provides additional information on matters to be considered at the 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 General Meeting are those who are registered Shareholders at 5:00pm WST on Monday, 13 July 2015.

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

AGENDA

RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF VENDOR 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 200,000 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 any person who participated in the issue 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.

RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF 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 85,968 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 any person who participated in the issue 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.

RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF PLACEMENT 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 2,413,127 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 any person who participated in the issue 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.

RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF PLACEMENT 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 1,204,820 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 any person who participated in the issue 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.

RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF PLACEMENT 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 13,105,290 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 any person who participated in the issue 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.

RESOLUTION 6 – 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 this resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. 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.

RESOLUTION 7 – APPROVAL FOR THE ISSUE OF SHARES TO S3 CONSORTIUM PTY LTD

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **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 375,000 Shares to S3 Consortium Pty Ltd (and/or its nominees), and otherwise on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion: The Company will disregard any votes cast on this resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. 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.

SPECIAL RESOLUTION 8 – CHANGE OF COMPANY NAME

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

“That, with effect from the date that ASIC alters the details of the Company’s registration in accordance with section 157 of the Corporations Act, the name of the Company be changed to Lithium Australia NL.”

RESOLUTION 9 – ELECTION OF DIRECTOR – GEORGE BAUK

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

“That, for the purpose of rule 74.4 of the Constitution and for all other purposes, George Bauk, being eligible, is elected as a Director.”

RESOLUTION 10 – APPROVAL FOR 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 purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to issue and allot 3,000,000 Partly Paid Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. 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.

RESOLUTION 11 – APPROVAL OF ISSUE OF PERFORMANCE RIGHTS AND OPTIONS TO ADRIAN GRIFFIN

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

“That approval is given for the purposes of Sections 200B and 200E and Chapter 2E of the Corporations Act and of Listing Rule 10.11 and for all other purposes, for the grant of:

*4,050,000 Performance Rights for no consideration; and
8,000,000 Performance Option Rights for no consideration*

to Mr Adrian Griffin, and the issue of Shares subject of the Performance Rights, and Options subject of the Performance Option Rights on the terms set out in the Explanatory Memorandum accompanying this Notice of Meeting.”

Voting Exclusion: Under Sub-section 224(1) of the Corporations Act the Company will disregard any votes cast on the resolution by Adrian Griffin or any of his associates. However, Sub-Section 224(1) of the Corporations Act does not prevent the casting of a vote if it is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the resolution and it is not cast on behalf of Adrian Griffin or any associate. Under Listing Rule 14.11 the Company need not disregard a vote if: (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or (b) it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 12 – APPROVAL OF ISSUE OF PERFORMANCE RIGHTS AND OPTIONS TO BRYAN DIXON

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

“That approval is given for the purposes of Sections 200B and 200E and Chapter 2E of the Corporations Act and of Listing Rule 10.11 and for all other purposes, for the grant of:

*2,025,000 Performance Rights for no consideration; and
4,000,000 Performance Option Rights for no consideration*

to Mr Bryan Dixon, and the issue of Shares subject of the Performance Rights, and Options subject of the Performance Option Rights on the terms set out in the Explanatory Memorandum accompanying this Notice of Meeting.”

Voting Exclusion: Under Sub-section 224(1) of the Corporations Act the Company will disregard any votes cast on the resolution by Bryan Dixon or any of his associates. However, Sub-Section 224(1) of the Corporations Act does not prevent the casting of a vote if it is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the resolution and it is not cast on behalf of Bryan Dixon or any associate. Under Listing Rule 14.11 the Company need not disregard a vote if: (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or (b) it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 13 – APPROVAL OF ISSUE OF PERFORMANCE RIGHTS AND OPTIONS TO GEORGE BAUK

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

“That approval is given for the purposes of Sections 200B and 200E and Chapter 2E of the Corporations Act and of Listing Rule 10.11 and for all other purposes, for the grant of:

*2,025,000 Performance Rights for no consideration; and
4,000,000 Performance Option Rights for no consideration*

to Mr George Bauk, and the issue of Shares subject of the Performance Rights, and Options subject of the Performance Option Rights on the terms set out in the Explanatory Memorandum accompanying this Notice of Meeting.”

Voting Exclusion: Under Sub-section 224(1) of the Corporations Act the Company will disregard any votes cast on the resolution by George Bauk or any of his associates. However, Sub-Section 224(1) of the Corporations Act does not prevent the casting of a vote if it is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the resolution and it is not cast on behalf of George Bauk or any associate. Under Listing Rule 14.11 the Company need not disregard a vote if: (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or (b) it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 14 – APPROVAL OF EMPLOYEE INCENTIVE SCHEME

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

“That, for the purposes of Exception 9(b) of Listing Rule 7.2 and for all other purposes, approval is given for the Company to administer and issue securities under its employee incentive scheme as an exception to Listing Rule 7.1 and on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Voting Prohibition Statement:

The Company will disregard any votes cast on this Resolution by any Director or its nominee(s) (except one who is ineligible to participate in any employee incentive scheme of the Company) and any associates of those persons. However, the Company need not disregard a vote if it is cast by:

- (a) a person as a proxy for a person who is permitted to vote, in accordance with the directions on the Proxy Form; or
- (b) the Chair as proxy for a person who is permitted to vote in accordance with the direction on the Proxy Form as the proxy decides.

In addition, the Company will disregard any votes cast on this Resolution by a member of the Key Management Personnel (or any of their Closely Related Parties) as proxy where the appointment does not specify the way the proxy is to vote, unless the proxy is the Chair and has been expressly authorised to vote on behalf of someone permitted to vote on this Resolution, even though it is connected with the remuneration of Key Management Personnel.

DATED: 17 JUNE 2015

BY ORDER OF THE BOARD

**AMANDA WILTON-HEALD
COMPANY SECRETARY
COBRE MONTANA NL**

EXPLANATORY STATEMENT

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.

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF VENDOR SHARES

1.1 Background

On 27 November 2014 the Company issued 200,000 to Dempsey Minerals Limited for tenement acquisition.

The Company issued 200,000 Shares without prior Shareholder approval out of its 15% annual placement capacity.

Resolution 1 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 and for all other purposes of the issue of those Shares (**Vendor Share Ratification**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class 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, pursuant to ASX Listing Rule 7.4, a company in general meeting ratifies the previous issue of securities made (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purposes of ASX Listing Rule 7.1.

By ratifying the issue of the Shares the subject of Resolution 1, the Company will retain the flexibility to issue equity securities in the future of up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

1.2 Technical information required by Listing Rule 7.4 for the Vendor Share Ratification

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Vendor Share Ratification:

- (a) 200,000 Shares were issued;
- (b) the issue price per Share was \$0.040;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to Dempsey Minerals Limited which is not a related party of the Company; and
- (e) no funds were raised from this issue as it related to the acquisition of a tenement.

1.3 Directors' recommendation

None of the Directors has a material personal interest in the subject matter of Resolution 1. The Board believes that the ratification of the issue of the Shares is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 1 as it provides the Company with the flexibility to issue, subject to the limits under the ASX Listing Rules, further securities during the next 12 months without shareholder approval.

2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF SHARES

2.1 Background

On 12 March 2015 the Company announced the issue of 85,968 Shares at an issue price of \$0.04144 per Share.

The Company issued the 85,968 Shares without prior Shareholder approval out of its 15% annual placement capacity.

Resolution 2 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 and for all other purposes of the issue of those Shares (**Share Ratification**).

Relevant details of ASX Listing Rule 7.1 and 7.4 are set out in Section 1.1 of this Explanatory Statement

2.2 Technical information required by Listing Rule 7.4 for the Share Ratification

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Share Ratification:

- (a) 85,968 Shares were issued;
- (b) the issue price per Share was \$0.04144;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to Torbinup Resources Pty Ltd which is not a related party of the Company; and
- (e) no funds were raised via the issue of Shares but settled supplier invoices to the value of \$3,562.51.

2.3 Directors' recommendation

None of the Directors has a material personal interest in the subject matter of Resolution 2. The Board believes that the ratification of the issue of the Shares is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 2 as it provides the Company with the flexibility to issue, subject to the limits under the ASX Listing Rules, further securities during the next 12 months without shareholder approval.

3. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF PLACEMENT SHARES

3.1 Background

On 12 March 2015 the Company announced a capital raising of \$100,000 through the issue of 2,413,127 Shares at an issue price of \$0.04144 per Share, (**Capital Raising**).

The Company issued the 2,413,127 Shares without prior Shareholder approval out of its 15% annual placement capacity.

Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 and for all other purposes of the issue of those Shares (**Placement Ratification**).

Relevant details of ASX Listing Rule 7.1 and 7.4 are set out in Section 1.1 of this Explanatory Statement

3.2 Technical information required by Listing Rule 7.4 for the Placement Ratification

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Placement Ratification:

- (a) 2,413,127 Shares were issued;
- (b) the issue price per Share was \$0.04144;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to a sophisticated investor who is not a related party of the Company; and
- (e) the funds raised from this issue were used for project development expenditure and working capital.

3.3 Directors' recommendation

None of the Directors has a material personal interest in the subject matter of Resolution 3. The Board believes that the ratification of the issue of the Shares is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 3 as it provides the Company with the flexibility to issue, subject to the limits under the ASX Listing Rules, further securities during the next 12 months without shareholder approval.

4. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF PLACEMENT SHARES

4.1 Background

On 23 April 2015 the Company announced a capital raising of \$50,000 through the issue of 1,204,820 Shares at an issue price of \$0.0415 per Share.

The Company issued the 1,204,820 Shares without prior Shareholder approval out of its 15% annual placement capacity.

Resolution 4 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 and for all other purposes of the issue of those Shares (**Placement Ratification**).

Relevant details of ASX Listing Rule 7.1 and 7.4 are set out in Section 1.1 of this Explanatory Statement

4.2 Technical information required by Listing Rule 7.4 for the Placement Ratification

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Placement Ratification:

- (a) 1,204,820 Shares were issued;
- (b) the issue price per Share was \$0.0415
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

- (d) the Shares were issued to a sophisticated investor who is not a related party of the Company; and
- (e) the funds raised from this issue will be used for project development expenditure and working capital.

4.3 Directors' recommendation

None of the Directors has a material personal interest in the subject matter of Resolution 4. The Board believes that the ratification of the issue of the Shares is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 4 as it provides the Company with the flexibility to issue, subject to the limits under the ASX Listing Rules, further securities during the next 12 months without shareholder approval.

5. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF PLACEMENT SHARES

5.1 Background

On 8 May 2015 the Company announced a capital raising of \$917,370 through the issue of 13,105,290 Shares at an issue price of \$0.07 per Share, (**Capital Raising**).

The Company issued the 13,105,290 Shares without prior Shareholder approval out of its 15% annual placement capacity.

Resolution 5 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 and for all other purposes of the issue of those Shares (**Placement Ratification**).

Relevant details of ASX Listing Rule 7.1 and 7.4 are set out in Section 1.1 of this Explanatory Statement

5.2 Technical information required by Listing Rule 7.4 for the Placement Ratification

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Placement Ratification:

- (a) 13,105,290 Shares were issued;
- (b) the issue price per Share was \$0.07;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to sophisticated investors who are not related parties of the Company; and
- (e) the funds raised from this issue were used for project development expenditure and working capital.

5.3 Directors' recommendation

None of the Directors has a material personal interest in the subject matter of Resolution 5. The Board believes that the ratification of the issue of the Shares is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 5 as it provides the Company with the flexibility to issue, subject to the limits under the ASX Listing Rules, further securities during the next 12 months without shareholder approval.

6. RESOLUTION 6 – PLACEMENT OF SHARES

Resolution 6 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 6 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.

6.1 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 6 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 6 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; and
- (e) the Company intends to use the funds raised by the issue of Shares the subject of Resolution 6, for general working capital purposes, current and potential projects, business development purposes, acquisition of new projects, accelerate pilot plant test work, marketing and consultancy fees.

6.2 Directors' recommendation

None of the Directors has a material personal interest in the subject matter of Resolution 6. The Board recommends Shareholders vote in favour of Resolution 6 as it will enable the Company to fund its ongoing commitments.

7. RESOLUTION 7 – APPROVAL FOR THE ISSUE OF SHARES TO S3 CONSORTIUM PTY LTD

Resolution 7 seeks shareholder approval for the issue and allotment of 375,000 Shares to S3 Consortium Pty Ltd in consideration of corporate advisory services provided to the Company.

7.1 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that (subject to certain exceptions 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.

Listing Rule 7.1 provides that where a company approves an issue of securities, the company's 15% capacity will be replenished and the company will be able to issue further securities up to that limit.

For the purposes of ASX Listing Rule 7.3, the following information is provided in relation to Resolution 7:

- (a) the maximum number of Shares to be issued is 375,000 Shares;
- (b) the issue price of the Shares will be \$0.08 per Share;
- (c) the allottee in respect of Resolution 7 is S3 Consortium Pty Ltd which is not a related party of the Company;
- (d) the Shares to be issued will rank pari-passu on allotment and issue with the existing fully paid ordinary Shares of the Company;
- (e) the Shares the subject of Resolution 7 will be issued and allotted on one date which is no later than three (3) months after the date of this Meeting or such later date as approved by ASX; and
- (f) no cash will be raised via the issue of the Shares as they are issued in lieu of cash payment for services rendered, in order to preserve the Company's cash reserves.

7.2 Directors' recommendation

None of the Directors has a material personal interest in the subject matter of Resolution 7. The Board recommends Shareholders vote in favour of Resolution 7 as it will assist the Company with preserving its cash reserves.

8. SPECIAL RESOLUTION 8 – CHANGE OF COMPANY NAME

As a result of the Company's change of focus, the Directors have resolved to change the Company's name to "Lithium Australia NL".

The Company has been considering the need to re-brand the business for some time and given its recent change in focus to lithium. The name will assist the board and management with promoting the company and ensuring all stakeholders associate the company with its new strategy in the lithium business.

Resolution 8 seeks Shareholder approval for that change in accordance with section 157 of the Corporations Act.

Resolution 8 is a special resolution and requires approval of 75% of the votes cast by Shareholders.

The change of name will take effect from when ASIC alters the details of the Company's registration.

8.1 Directors' recommendation

The Board recommends Shareholders vote in favour of Resolution 8 to have a brand closely associated with its strategy.

9. RESOLUTION 9 – ELECTION OF GEORGE BAUK

9.1 Background

Mr George Bauk, having provided his consent to act as a director, seeks election as a Director in accordance with rule 74.4 of the Constitution.

George Bauk is a resource industry professional with more than 25 years' experience in the development of mining projects and teams, and particular expertise in critical metals. Since 2010, Mr Bauk has been Managing Director and Chief Executive Officer of Northern Minerals, which is focused on developing the Browns Range HRE project in

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northern Australia. He has led its growth from a small exploration company, to one that is now being set to become the world's first significant dysprosium producer outside of China. Key achievements along this path have included a successful greenfields exploration program, receipt of all Government approvals for production, signing of co-existence agreements with traditional owners, completion of DFS, negotiation of offtake agreements with major international suppliers, and successful funding raising initiatives generating more than \$90m. Prior to Northern Minerals, Mr Bauk was Managing Director of Indago Resources (formerly Western Metals), and also held senior operational and corporate roles with WMC Resources and Arafura Resources. Mr Bauk has a strong background in strategic management and business planning, building high performing teams, and securing finance and capital raising initiatives.

9.2 Directors' recommendation

The Directors, recommend that Shareholders vote in favour of Resolution 9 as Mr Bauk's appointment will offer valuable experience to the Board.

10. RESOLUTION 10 – APPROVAL FOR THE ISSUE OF PARTLY PAID SHARES

10.1 General

Resolution 10 seeks Shareholder approval for the allotment and issue of up to 3,000,000 Partly Paid Shares.

ASX Listing Rule 7.1 places certain restrictions on the extent to which a listed company may issue certain securities, including options. The effect is that shareholder approval is required before the company may issue certain securities representing more than 15% of the capital of the company within a 12 month period. However, certain issues are exempt from the restrictions of ASX Listing Rule 7.1 and are effectively disregarded for the purposes of determining the number of securities which a company may issue within a 12 month period.

The effect of Resolution 10 will be to allow the Directors to issue the Partly Paid Shares to RM Corporate Finance during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

10.2 Technical information required by ASX Listing Rule 7.1

A summary of ASX Listing Rule 7.1 is outlined in Section 5.1 above.

For the purposes of ASX Listing Rule 7.3, the following information is provided in relation to Resolution 10 to allow Shareholders to assess the proposed issue 3,000,000 Partly Paid Shares:

- (a) a maximum of 3,000,000 Partly Paid Shares to be issued;
- (b) the Partly Paid Shares the subject of Resolution 10 will be issued and allotted no later than three (3) months after the date of this Meeting or such later date as approved by ASX;
- (c) the issue price of the Partly Paid Shares will be nil;
- (d) the allottee in respect of Resolution 10 is RM Corporate Finance Pty Ltd;
- (e) the Partly Paid Shares to be issued will have a deemed paid up amount of \$0.001, unpaid \$0.2499. Full details of the Partly Paid Shares are set out in Annexure C;
- (f) the Partly Paid Shares will be issued in one single allotment no later than the date which is three (3) months after the date of the Meeting; and

(g) no funds will be raised from the issue of Partly Paid Shares as set out above.

10.3 Directors' recommendation

None of the Directors has a material personal interest in the subject matter of Resolution 10. The Board recommends Shareholders vote in favour of Resolution 10 as the Shares to be issued to RM Corporate Finance Pty Ltd would otherwise be issued using the Company's capacity under ASX Listing Rule 7.1. Shareholder approval will provide the Company with the flexibility to issue, subject to the limits under the ASX Listing Rules, further securities during the next 12 months without shareholder approval.

11. RESOLUTION 11 - 13 – APPROVAL OF ISSUE OF PERFORMANCE RIGHTS AND OPTIONS

Subject to the approval of Shareholders, the Company proposes to issue a total of 8.1M Performance Rights and 16M Performance Option Rights.

The Performance Rights and Performance Option Rights will be issued for no consideration.

11.1 Background

General

The Company is cognisant of the requirement to preserve cash, while providing the principal drivers of shareholder value with appropriate incentives.

The following tables identify the hurdles to be reached for each of the Performance Rights and Performance Option Rights, along with the total Performance Rights and Performance Option Rights to be issued and the distribution to individuals.

Hurdle		Total Performance Option Rights	Total Performance Rights
Market Capitalisation	\$12M	5M @ 15 cents	
	\$15M	5M @ 20 cents	
	\$20M	6M @ 30 cents	
Equitable lithium carbonate equivalent (in JORC compliant category)	1,000,000t		2,700,000
	5,000,000t		2,700,000
	10,000,000t		2,700,000
Total		16,000,000	8,100,000

Distribution				
Hurdle	Adrian Griffin	Bryan Dixon	George Bauk	Total
Performance Option Rights				
Market Capitalisation - \$12M	2,500,000	1,250,000	1,250,000	5,000,000
Market Capitalisation - \$15M	2,500,000	1,250,000	1,250,000	5,000,000
Market Capitalisation - \$20M	3,000,000	1,500,000	1,500,000	6,000,000
Performance Rights				
Equitable lithium carbonate equivalent – 1,000,000t	1,350,000	675,000	675,000	2,700,000
Equitable lithium carbonate equivalent – 5,000,000t	1,350,000	675,000	675,000	2,700,000
Equitable lithium carbonate equivalent – 10,000,000t	1,350,000	675,000	675,000	2,700,000

Performance Rights

The Company has the aim of controlling more lithium than any other company, setting an extremely high target for directors and management to achieve. To put the target into context, Australia's entire resource inventory (Reserves plus Resources) is estimated to be 17Mt lithium carbonate equivalent ("LCE") (U.S. Geological Survey, Mineral Commodity Summaries, January 2015). Under these circumstances, complete vesting of the Performance Rights, is unlikely to occur until Cobre is close to achieving its goal of controlling the world's largest lithium inventory. The goals set are also significant on the world stage as global resources are thought to be about 65Mt LCE (USGS, 2014). Success in achieving the performance targets would certainly rate Cobre as one of the major participants in the industry.

The full terms of grant of the Performance Rights are set out in Annexure A. Those terms include the following.

- (a) The Performance Rights issued will not vest and the underlying Shares will not be issued until the performance targets have been achieved i.e. 1Mt, 5Mt and 10Mt LCE respectively of controlled JORC compliant resource.
- (b) If the beneficiary of the Performance Rights elects to resign prior to the vesting period, then the right to the underlying Shares is forfeited.
- (c) If the director elects to resign then the right to the underlying shares is forfeited.
- (d) If the director's office as director is terminated, then the Performance Rights vest immediately upon the date of termination.

Performance Option Rights

Through expanding its lithium inventory, the Company plans to increase its market capitalisation and has set a series of goals against which the vesting provisions of the Performance Option Rights can be evaluated.

The Performance Option Rights have been structured to reward directors and management for achieving share price performance based on market capitalisation as a benchmark. The Performance Option Rights structure will provide no material benefit to a beneficiary for an increase in market capital without an increase in share price, as the options so vested would have no value to the beneficiary. Not only does the structure provide a real incentive to add value for all Shareholders, but if taken to fruition, resulting in the exercise of all options, the exercise would result in additional \$3.55M revenue to the Company such revenue being contributed by the beneficiaries of the Performance Options Rights.

The full terms of grant of the Performance Option Rights are set out in Annexure B. Those terms include the following.

- (a) The Options subject of the Performance Option Rights will be issued but will not vest until the performance targets have been achieved i.e. market capitalisation of \$12M, \$15M and \$20M for each of the respective targets.
- (b) If the beneficiary of the Performance Option Right elects to resign prior to the vesting period, then the right to the underlying options is forfeited.
- (c) Should the holder resign all Performance Option Rights will automatically lapse.
- (d) If the director's office as director is terminated, then the Performance Option Rights vest immediately upon the date of termination.

Approvals required

This shareholder approval is required under Listing Rule 10.11 which permits a director to be issued new securities of the Company if Shareholder approval is obtained. Further, 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 Performance Rights or Performance Option Rights), if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month period. Shares and options issued under these resolutions would fall within an exception. If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.27. One of the effects of the Resolutions will be to allow the Company to grant the Performance Rights and the Performance Option Rights proposed to be granted without using the Company's 15% annual placement capacity.

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in respect of the Performance Rights and Performance Option Rights:

11.2 ASX Listing Rule 10.11

Broadly, Listing Rule 10.11 restricts the giving of a financial benefit to, and the issue of securities to, related parties without the prior approval of shareholders. The Directors are related parties of the Company.

Listing Rule 10.13 requires the following information to be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 10.11.

- (a) Performance Rights and Performance Option Rights will be issued to each of the Directors, being Messrs Griffin and Dixon, and proposed Director Mr George Bauk;
- (b) The maximum number of Performance Rights and Performance Option Rights issued will be a total of 8,100,000 and 16,000,000 respectively, being up to

12,050,000 to be issued to Mr Griffin, up to 6,025,000 to be issued to Mr Dixon and up to 6,025,000 to be issued to Mr Bauk; as set out in section 11.1

- (c) It is intended that the Performance Rights and Performance Option Rights will be issued as soon as practicable, but in any event within one month after the date of the Meeting; and
- (d) The Performance Rights and Performance Option Rights are being issued for no consideration.

11.3 Chapter 2E

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit (which includes the issue of Director Options) to a related party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions of Chapter 2E of the Corporations Act; or
- (b) prior Shareholder approval is obtained for the giving of the financial benefit.

For the purposes of Chapter 2E, each Director is considered to be a related party of the Company. The proposed issue of Director Options to Directors involves the provision of a financial benefit to a related party of the Company and, therefore, requires prior Shareholder approval. The following information is provided to Shareholders to enable them to assess the merits of Resolutions 11 to 13:

- (a) If Resolutions 11 to 13 are passed by Shareholders, they will permit the giving of a financial benefit to the following Directors (or their nominees):

Resolution	Director	Position	Annual directors fees	Estimated value of Performance Rights and Performance Option Rights (Annexures A & B)
11	Adrian Griffin	Managing Director	\$250,000	\$533,628
12	Bryan Dixon	Non-Executive Director	\$50,000	\$266,814
13	George Bauk	Proposed Non-Executive Chairman	\$54,000 (proposed)	\$266,814

- (b) The expiry date of the Performance Rights and Performance Option Rights is 1 July 2019.
- (c) The nature of the financial benefit proposed to be given is the issue of Performance Rights and Performance Option Rights for no consideration. The purpose of the issue is to provide cost effective consideration to Directors for their contribution to the Company in their respective roles.

- (d) All the Directors recommend that Shareholders vote in favour of each of the Resolutions, other than the Resolutions in which they have an interest in the outcome with respect to which they make no recommendation.
- (e) As at the date of this Notice, the Directors hold the following relevant interests in the securities in the Company:

Director	Ordinary Shares	Partly Paid Contributing Shares	Current Unlisted Options held	Director Performance Rights proposed to be issued	Director Performance Option Rights proposed to be issued	Shareholding on a fully diluted basis*
Adrian Griffin	3,001,127	1,832,976	2,250,000	4,050,000	8,000,000	8.73%
Bryan Dixon	633,070	114,472	Nil	2,025,000	4,000,000	3.09%
Eduardo Valenzuela	1,760,125	452,079	500,000	Nil	Nil	1.24%
George Bauk (proposed director)	70,000	10,000	Nil	2,025,000	4,000,000	2.78%

*Assuming Shareholders approve the issue of the Performance Rights and Performance Option Rights to Directors that are subject to Resolutions 11 to 13 inclusive and all Director Options and current unlisted options are exercised.

- (f) If Shareholders approve Resolutions 11 to 13 all Performance Rights and Performance Option Rights are issued and exercised, depending on the prevailing Share price at the time the Performance Rights and Performance Option Rights are exercised (including all current unlisted Options held by Directors and the Performance Rights and Performance Option Rights the subject of Resolutions 11 to 13, it will dilute the holdings of existing Shareholders by approximately 15.84%.
- (g) The Directors consider that the incentive represented by the issue of Performance Rights and Performance Option Rights is a cost effective and efficient incentive when compared to other forms of incentive such as cash, bonuses or increased remuneration.
- (h) The Board recognises that Box 8.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations states that non-executive directors should not receive options or bonus payments. Notwithstanding this, the Board considers the issue of Performance Rights and Performance Option Rights to the Directors is appropriate in the circumstances for the reasons set out below:
- (i) The Board has concluded that the totality of the Directors' remuneration packages, including the equity component of such number of Performance Rights and Performance Option Rights proposed to be issued to each Director under Resolutions 11 to 13 is fair and reasonable in the circumstances of the Company given its size and stage of development, market practice of other companies in the mineral exploration industry and given the necessity to attract and retain the highest calibre of skilled professionals to the Company whilst maintaining the Company's cash

reserves, and in light of the Directors' management experience and knowledge of the mineral exploration industry.

- (ii) The Board does not consider that there are any significant opportunity costs to the Company, other than, if the Performance Rights are exercised when the market price of the Shares is greater than the exercise price of the Performance Rights, there will be a detriment as the Company will be required to issue Shares at a price lower than it might otherwise have been able to, with the result that less funds will be raised. Any funds raised from the exercise of Performance Rights and Performance Option Rights will supplement the Company's working capital requirements.
- (iii) The Board does not consider that there are any material taxation consequences or benefits foregone by the Company as a result of issuing the Performance Rights and Performance Option Rights on the terms proposed.
- (i) Neither the Directors nor the Company is aware of any other information that would be reasonably required by Shareholders to make a decision as to whether it is in the best interests of the Company to pass Resolutions 11 to 13.

Share price information:

Details	Date	Share Price
Market price of fully paid ordinary shares (CXB) in the Company (being the last trading day prior to the date of this notice)	2 June 2015	\$0.073
During the three months immediately preceding the date of this notice, the highest market price of fully paid ordinary shares (CXB) in the Company	28 & 30 April 2015	\$0.115
During the three months immediately preceding the date of this notice, the lowest market price of fully paid ordinary shares (CXB) in the Company	9, 10, 13, 14, 15 & 16 April 2015	\$0.043

12. RESOLUTION 14 – APPROVAL OF EMPLOYEE INCENTIVE SCHEME

12.1 General

The Company has established an Employee Incentive Scheme (**Scheme**), comprising an Employee Share Scheme and Employee Option Scheme, a summary of the terms of which are set out in Annexure D. Resolution 14 seeks Shareholder approval in accordance with Exception 9 of Listing Rule 7.2 for the Company to issue securities under the Scheme without prior shareholder approval and in reliance on the exception to Listing Rule 7.1.

ASX Listing Rule 7.1 places certain restrictions on the extent to which a listed company may issue certain securities, including options. The effect is that shareholder approval is required before the company may issue certain securities representing more than 15% of the capital of the company within a 12 month period. However, certain issues are exempt from the restrictions of ASX Listing Rule 7.1 and are effectively disregarded for the purposes of determining the number of securities which a company may issue within a 12 month period.

Exempt issues include an issue of securities to persons participating in an employee incentive scheme where shareholders have approved the issue of securities under the scheme as an exemption from ASX Listing Rule 7.1. Shareholder approval must be given in a general meeting held not more than 3 years before the date of issue when the notice of meeting contains or is accompanied by certain prescribed information (set out below) (Exception 9 of ASX Listing Rule 7.2).

In order to take advantage of the exemption from ASX Listing Rule 7.1 and allow the Company flexibility to issue securities, Shareholders are requested to approve the issue of securities under the Scheme as an exemption from Listing Rule 7.1. This approval will be effective for a period of 3 years from the date of the Resolution. It should be noted that approval of Resolution 14 does not in itself allow for the issue of securities under the Scheme to a Director. Securities cannot be issued under the Scheme to Directors or their associates unless prior approval of Shareholders is obtained in accordance with the Listing Rule 10.14.

If Options issued under the Scheme are exercised, it will have the effect of increasing the Company's cash position by the amount of the exercise price multiplied by the number of options exercised. It will also increase the number of Shares that are on issue by the number of options exercised.

Shares issued under the Scheme or pursuant to the exercise of Options issued under the Scheme will rank *pari passu* in all respects with the Company's existing Shares.

The Company will make application to ASX for official quotation of Shares issued under the Scheme or on the exercise of Options issued under the Scheme, if other Shares of the Company are listed at that time.

The Board recommends that shareholders vote in favour of Resolution 14.

GLOSSARY

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

\$ means Australian dollars.

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.

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.

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

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.

ANNEXURE A - TERMS & CONDITIONS OF PERFORMANCE RIGHTS

The terms of issue of the Performance Rights are:

- 1) Each Performance Right entitles the holder to be issued one Share on these terms of issue including the vesting conditions and the performance conditions.
- 2) The Performance Rights will be issued for no consideration and subject to the achievement of the vesting conditions and the performance conditions set out below.
- 3) The Applicant may apply for the number of Performance Rights specified in an Invitation by sending to the Company (marked for the attention of the Company Secretary) a duly signed and completed application (in the form attached to the Invitation).
- 4) A Performance Right does not confer on the holder the right to receive dividends.
- 5) If the director elects to resign then the right to the underlying shares is forfeited.
- 6) If the director's office as director is terminated, then the Performance Rights vest immediately upon the date of termination.
- 7) The Performance Rights will not vest and the underlying Shares will not be issued unless the following performance conditions have been satisfied:-
 - (a) 2,700,000 Shares on reaching a JORC compliant resource containing 1,000,000t LCE and
 - (b) A further 2,700,000 Shares on reaching a JORC compliant resource containing 5,000,000t LCE and
 - (c) A further 2,700,000 Shares on reaching a JORC compliant resource containing 10,000,000t LCE.
- 8) If the above performance conditions are not met the performance rights will lapse by 1 July 2019.
- 9) Performance Rights automatically convert to Shares on the vesting date with no exercise price being payable and the Company will allot and issue the number of Shares specified in the notice of exercise within the time prescribed by the ASX Listing Rules.
- 10) All Performance Rights issued immediately vest (to the extent they have not already vested or lapsed) and are immediately exercisable if:
 - (a) a takeover bid (as defined in the Corporations Act) to acquire Shares becomes, or is declared to be, unconditional, irrespective of whether or not the takeover bid extends to Shares issued and allotted after the date of the takeover bid;
 - (b) a change of Control of the Company occurs; or
 - (c) a merger by scheme of arrangement under the Corporations Act is approved by the court under section 411(4)(b) of the Corporations Act.
- 11) If the Company is required under relevant tax legislation to make withholdings on account of tax upon:
 - (a) the exercise of Performance Rights; or
 - (b) the automatic conversion of Performance Rights to Shares,
 - (c) the Board must sell sufficient of the Shares which would otherwise be issued so that the net proceeds of sale equal the payment which the Company is required to pay to the appropriate authorities. This arrangement does not apply if the Participant makes an alternative arrangement to the satisfaction of the Company.
- 12) If a participant ceases to be an eligible person after the vesting date due to the occurrence of any of the following events (each a Prescribed Event), the Performance Rights held by that participant will lapse 6 months after the occurrence of that Prescribed Event (or such longer

period as the Board may determine) or on the Expiry Date applicable to those Performance Rights, whichever occurs first:

- (a) retirement or retrenchment of the participant, or if the participant is not an employee, the retirement or retrenchment of the employee by virtue of whom an eligible person holds Performance Rights; or
 - (b) bankruptcy of the participant, or commencement of winding up or deregistration in respect of the participant; or
 - (c) the death of the participant, or if the participant is not an employee, the death of the employee by virtue of whom an eligible person holds Performance Rights.
- 13) The value of the Performance Rights has been calculated using the Black-Scholes model with the following inputs:
- a) Share price of \$0.078 on 14 May 2015;
 - b) expiry date of 1 July 2019;
 - c) volatility of 75% (being the historical volatility of the Company's share price);
 - d) risk free interest rate of 2% (being the current Reserve Bank cash rate); and
 - e) the total value per Performance Rights is \$0.078 per Performance Right

ANNEXURE B - TERMS & CONDITIONS OF PERFORMANCE OPTION RIGHTS

The terms of issue of the Performance Option Rights are:

- 1) Each Performance Option Right entitles the holder to be issued one Share on these terms of issue including the vesting conditions and the performance conditions.
- 2) The Performance Option Rights will be issued for \$0.15, \$0.20 and \$0.30 and subject to the achievement of the vesting conditions and the performance conditions set out below.
- 3) The Applicant may apply for the number of Performance Option Rights specified in an Invitation by sending to the Company (marked for the attention of the Company Secretary) a duly signed and completed application (in the form attached to the Invitation).
- 4) A Performance Option Right does not confer on the holder the right to receive dividends.
- 5) The Performance Option Rights will not vest and the underlying Shares will not be issued unless the following performance conditions have been satisfied:-
 - (a) 5,000,000 Performance Rights with an exercise price of \$0.15, on reaching a market capitalisation of greater than \$12M and
 - (b) 5,000,000 Performance Rights with an exercise price of \$0.20, on reaching a market capitalisation of greater than \$15M and
 - (c) 6,000,000 Performance Rights with an exercise price of \$0.30 on reaching a market capitalisation of greater than \$20M.
- 6) If the above performance conditions are not met the performance rights options will lapse by 1 July 2019.
- 7) Should the holder resign all Performance Option Rights will automatically lapse.
- 8) If the director's office as director is terminated, then the Performance Option Rights vest immediately upon the date of termination.
- 9) Performance Option Rights automatically convert to Shares on the vesting date with no exercise price being payable and the Company will allot and issue the number of Shares specified in the notice of exercise within the time prescribed by the ASX Listing Rules.
- 10) All Performance Option Rights issued immediately vest (to the extent they have not already vested or lapsed) and are immediately exercisable if:
 - (a) a takeover bid (as defined in the Corporations Act) to acquire Shares becomes, or is declared to be, unconditional, irrespective of whether or not the takeover bid extends to Shares issued and allotted after the date of the takeover bid;
 - (b) a change of Control of the Company occurs; or
 - (c) a merger by scheme of arrangement under the Corporations Act is approved by the court under section 411(4)(b) of the Corporations Act.
- 11) If the Company is required under relevant tax legislation to make withholdings on account of tax upon:
 - (a) the exercise of Performance Option Rights; or
 - (b) the automatic conversion of Performance Option Rights to Shares,
 - (c) the Board must sell sufficient of the Shares which would otherwise be issued so that the net proceeds of sale equal the payment which the Company is required to pay to the appropriate authorities. This arrangement does not apply if the Participant makes an alternative arrangement to the satisfaction of the Company.
- 12) If a participant ceases to be an eligible person after the vesting date due to the occurrence of any of the following events (each a Prescribed Event), the Performance Option Rights held by

that participant in respect of which an exercise price is payable will lapse 6 months after the occurrence of that Prescribed Event (or such longer period as the Board may determine) or on the Expiry Date applicable to those Performance Option Rights, whichever occurs first:

- (a) retirement or retrenchment of the participant, or if the participant is not an employee, the retirement or retrenchment of the employee by virtue of whom an eligible person holds Performance Option Rights; or
- (b) bankruptcy of the participant, or commencement of winding up or deregistration in respect of the participant; or
- (c) the death of the participant, or if the participant is not an employee, the death of the employee by virtue of whom an eligible person holds Performance Rights.

13) The value of the Performance Option Rights has been calculated using the Black-Scholes model with the following inputs:

- a) Share price of \$0.078 on 14 May 2015;
- b) corresponding exercise price (\$0.15, \$0.20 and \$0.30 respectively);
- c) expiry date of 1 July 2019;
- d) volatility of 75% (being the historical volatility of the Company's share price);
- e) risk free interest rate of 2% (being the current Reserve Bank cash rate); and
- f) the total value per Performance Option Rights are:
 - i) \$0.0331 for the \$0.15 Performance Option Rights;
 - ii) \$0.0281 for the \$0.20 Performance Option Rights; and
 - iii) \$0.0215 for the \$0.30 Performance Option Rights.

ANNEXURE C - TERMS & CONDITIONS OF PARTLY PAID SHARES

The terms and conditions of the partly paid contributing shares comprise part of the terms and conditions of the fully paid ordinary shares.

Cobre Montana has issued partly paid contributing shares (Contributing Shares) that rank pari passu with all fully paid ordinary shares (Shares) on issue, subject to the following terms and conditions.

- 1) Each Contributing Share:
 - (a) has an amount paid of 0.01 cents;
 - (b) has an initial Unpaid Amount of 24.99 cents;
 - (c) carries the right to participate in new issues of securities to holders of Fully Paid Shares (except bonus issues) on the same basis as holders of Fully Paid Shares;
 - (d) 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 Contributing 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;
 - (e) 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
 - (f) carries the right to participate in dividends on the same basis as holders of Fully Paid Shares.
- 2) Notwithstanding clause (b) above, any Contributing Shareholder may elect at any time to pay the Unpaid Amount for any number of Contributing Shares held by delivering to the Company's registered office:
 - (a) a notice stating the number of Contributing Shares to be paid-up;
 - (b) the relevant holding statement(s); and
 - (c) a cheque (in Australian currency) made payable to the Company for an amount being the result of the Unpaid Amount multiplied by the number of Contributing Shares being paid-up to become Fully Paid Ordinary Shares, and
 - (d) immediately upon receipt of, and in exchange for, the items referred to above, the Company will credit the Contributing Shares for the Unpaid Amount so that they become Fully Paid Shares and deliver updated holding statements to the Contributing Shareholder.
- 3) Subject only to the terms of any restriction agreement that may be in place at the time of any payment of the Unpaid Amount, the Company shall make application to have the Fully Paid Shares (that have come about as a result of the paying of the Unpaid Amount) listed for quotation by ASX within five days of the date of any such payment of the Unpaid Amount.
- 4) Should there be any conflict between these terms and the Company's constitution, these terms shall prevail.
- 5) 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):
 - (a) the number of Contributing Shares must be reorganised in the same proportion as all other classes of shares on issue; and
 - (b) the reorganisation must not involve a cancellation or reduction of the total amount payable and unpaid by holders of Contributing Shares.

ANNEXURE D - TERMS & CONDITIONS OF EMPLOYEE INCENTIVE SCHEME

The terms of issue of the Employee Incentive Scheme are:

1) ISSUE OF OPTIONS

Eligibility

- i) The Board may offer Options to an Employee having regard to:
 - (a) the potential contribution of the Employee to the Group; and
 - (b) any other matters the Board considers relevant.

Nomination of Associate

- ii) Upon receipt of an offer of Options an Employee may nominate an Associate to be the person issued with those Options. The Board may, in its absolute discretion, resolve not to issue Options to a nominated Associate without giving any reason.

Acceptance of offers

- iii) An Employee or nominated Associate may accept an offer of Options within the time specified in the offer document. No payment is required to accept the offer.
- iv) Options must be issued in accordance with these Terms and Conditions and each Participant and, where relevant, Associate will be taken to have agreed to be bound by these Terms and Conditions on the issue of any Options.
- v) The Company must issue each Participant or nominated Associate with an Option certificate indicating the number of Options issued and the exercise price of the Options.
- vi) The Board retains the right to withdraw an offer of Options at any time prior to issuing the Options.

2) MAXIMUM NUMBER OF OPTIONS

- i) The Board may not offer Options under this Scheme if the total number of Shares the subject of the Options, when aggregated with:
 - (a) the number of Shares in the same class which would be issued if each outstanding offer or invitation or option to acquire unissued shares in the Company, being an offer or invitation made or option acquired pursuant to this Scheme or any other employee or executive share scheme, was accepted or exercised; and
 - (b) the number of Shares in the same class issued during the previous five years pursuant to this or any other employer or executive share scheme,
- ii) (disregarding any offer or invitation made, or option acquired or share issued following the making of an offer or invitation, to a person situated at the time of receipt of the offer or invitation outside Australia or by way of excluded offer or invitation within the meaning of the Corporations Act 2001), would exceed 5% of the total number of issued Shares of the Company as at the time of the proposed offer.

3) ENTITLEMENT

- i) Subject to clauses 8 and 9, each Option entitles the holder to subscribe for and be allotted, credited as fully paid, one Share at the exercise price per Share.
- ii) The exercise price per Share is:
 - (a) 125% of the Market Value of Shares on the day the Option is issued;
 - (b) 25 cents; or
 - (c) any greater exercise price determined by the Board and advised to the Employee when Options are offered to the Employee, whichever is the greatest.
- iii) Subject to these Terms and Conditions, the Company must allot shares on exercise of an Option in accordance with the Listing Rules.
- iv) Shares issued on the exercise of Options will rank equally with all existing Shares in the capital of the Company from the date of issue.

4) EXERCISE OF OPTIONS

- i) An Option is exercisable by the holder lodging a notice of exercise of Option and application for Shares in a form approved by the Company, together with the exercise price of each Share to be issued on exercise and the relevant Option certificate, with the Company Secretary.
- ii) Options must be exercised in multiples of 100, unless the holder exercises all Options able to be exercised at that time. The exercise of some Options only does not affect the holder's right to exercise other Options at a later time. If the holder exercises less than all Options represented by a certificate then the Company will cancel the certificate and issue a new certificate for the balance.
- iii) Subject to clauses 5.4-5.7, an Option that has not lapsed may be exercised at any time between 2 and 5 years after the date the Option is issued.
- iv) If a Participant ceases to be an Employee;
 - (a) 2 years or more after Options are issued in relation to the Participant; or
 - (b) because of Retirement, Total and Permanent Disablement, Redundancy, death or any other circumstances approved by the Board,
 - (c) the options may be exercised within 30 days (or 3 months, in the case of death) after ceasing to be an Employee or any longer period permitted by the Board. If not exercised within that period, the Options lapse.
- v) If a Participant ceases to be an Employee and clause 5.4 does not apply, Options issued in relation to the Participant lapse.
- vi) If the Board determines that:
 - (a) a Participant has acted fraudulently, dishonestly or in breach of the Participant's obligations to any company in the Group; and
 - (b) Options issued in relation to the Participant are to be forfeited,
- vii) the Options will immediately lapse.
- viii) Notwithstanding any other clause, any Option not exercised will lapse on the expiry of five years after the date the Option was issued.

5) TRANSFER

- i) Options may only be transferred with the approval of the Board. Options will not be quoted on ASX.

6) QUOTATION OF SHARES

- i) The Company will make application to ASX for official quotation of Shares issued on the exercise of Options, if other Shares of the Company are listed at that time.

7) PARTICIPATION IN FUTURE ISSUES

- i) If the Options are exercised before the record date of an entitlement, the Option Holder can participate in a pro rata issue to the holders of the underlying securities in the Company. The Company must notify the Option Holder of the proposed issue at least nine (9) business days before the record date. Option Holders do not have a right to participate in new issues without exercising their options in accordance with Listing Rule 6.19.
- ii) In the event of any reconstruction (including consolidation, subdivision, 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.
- iii) The Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Options.
- iv) In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Options may be reduced according to the following formula:

$$O' = O - \frac{E[P - (S + D)]}{N + 1}$$

O' = the new exercise price of the Option.

O = the old exercise price of the Option.

E = the number of underlying securities in the Company into which one option is exercisable.

P = the average market price per security (weighted by reference to volume) of the underlying securities in the Company during the five (5) trading days ending on the day before the ex rights date or ex entitlements date.

S = the Subscription price for a security under the pro rata issue.

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

N = the Number of securities with rights or entitlements that must be held to receive a right to one new security in the Company.

- v) The number of Shares to be issued pursuant to the exercise of Options will be adjusted for bonus issues made prior to exercise of Options. The effect will be that upon exercise of the Options the number of Shares received by the Option Holder will include the number of bonus Shares that would have been issued if the Options had been exercised prior to the record date for bonus issues. The exercise price of the Options shall not change as result of any such bonus issue.
- vi) The Company shall notify each Option Holder and ASX within one (1) month after the record date for a pro-rata bonus or cash issue of the adjustment to the number of Shares over which the Option exists and/or the adjustment to the exercise price.

8) ADVICE

- i) The Company must give notice to each Participant or his nominated Associate of any adjustment to the number of Shares which the holder is entitled to subscribe for or be issued on exercise of an Option, or any adjustment to the exercise price per Share, in accordance with the Listing Rules.

9) NOTICES

- i) Notices may be given by the Company to the holder or the Participant in the manner prescribed by the constitution of the Company for the giving of notices to members of the Company and the relevant provisions of the constitution of the Company apply with all necessary modification to notices to holders or Participants.

10) RIGHT TO ACCOUNTS

- i) Holders will be sent all reports and accounts required to be laid before members of the Company in general meeting and all notices of general meetings of members but will not have any right to attend or vote at those meetings.

11) OVERRIDING RESTRICTIONS ON ISSUE AND EXERCISE

- i) Notwithstanding any Terms and Conditions or the terms of any Option, Options may only be issued or exercised within the limitations imposed by the Corporations Act 2001 and the Australian Stock Exchange Listing Rules.

12) ADMINISTRATION OF THE SCHEME

- i) The Scheme will be administered by the Board in accordance with these Terms and Conditions. The Board may make regulations for the operation of the Scheme which are consistent with these Terms and Conditions.
- ii) Any power or discretion which is conferred on the Board by these Terms and Conditions may be exercised by the Board in the interests or for the benefit of the Company, and the Board is not, in exercising any such power or discretion, under any fiduciary or other obligation to any other person.
- iii) Any power or discretion which is conferred on the Board by these Terms and Conditions may be delegated by the Board to a committee consisting of such Directors as the Board thinks fit.
- iv) The decision of the Board as to the interpretation, effect or application of these Terms and Conditions will be final and conclusive.

13) AMENDMENTS

- i) These Terms and Conditions may only be amended, subject to the Listing Rules, by special resolution of the Company in general meeting.

14) RIGHTS OF PARTICIPANTS

- i) Nothing in these Terms and Conditions:
 - (a) confers on any Employee or Associate the right to receive any Options;
 - (b) confers on any Participant the right to continue as an Employee;
 - (c) affects any rights which the Company or a subsidiary may have to terminate the employment of any Employee; or
 - (d) may be used to increase damages in any action brought against the Company or a subsidiary in respect of any such termination.

15) QUOTATION OF OPTIONS

- i) The Company will not seek quotation on ASX of Options issued pursuant to the Scheme.

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**PROXY FORM
COBRE MONTANA NL
ABN 29 126 129 413
GENERAL MEETING**

I/We

of

being a member of Cobre Montana NL 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 the offices of Cobre Montana NL: Suite 3, 23 Belgravia Street, Belmont WA 6104 at 10:00am WST on Wednesday, 15 July 2015, and at any adjournment thereof.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

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 14 (except where I/we have indicated a different voting intention below) even though Resolution 14 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

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 General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 Ratification of prior issue of vendor shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Ratification of prior issue of shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Ratification of prior issue of placement shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Ratification of prior issue of placement shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Ratification of prior issue of placement shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Placement of shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 Approval of issue of shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 Change of company name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9 Election of director – George Bauk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10 Approval for the issue of partly paid shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11 Issue of performance rights and options to Adrian Griffin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12 Issue of performance rights and options to Bryan Dixon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 13 Issue of performance rights and options to George Bauk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 14 Approval of employee incentive scheme	<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

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 **10:00am WST on Monday, 13 July 2015.**

Proxy forms received later than this time will be invalid.