
AMEX RESOURCES LIMITED

ACN 089 826 237

NOTICE OF GENERAL MEETING

Incorporating Explanatory Statement and Proxy Form

Date: Wednesday, 17 August 2016

Time: 10:00am (WST)

Place: The Celtic Club, 48 Ord Street, West Perth, Western Australia

These documents should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Shareholders of Amex Resources Limited ACN 089 826 237 (*Company*) will be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Wednesday, 17 August 2016 at 10:00am (WST).

The Explanatory Statement which accompanies and forms part of this Notice of Meeting describes the various matters to be considered at the meeting and includes a glossary of defined terms.

AGENDA

To consider and, if thought fit, to pass, the following resolutions:

1. Resolution 1 - Issue of Conditional Call Option to Construction Contractor

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

Approval of issue of Conditional Call Option to Construction Contractor

"That for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the issue of an unlisted Option over shares at a quantity and an exercise price as detailed in the formula included in the Explanatory Statement, to CCCC First Harbor Consultants Co. Limited on the terms and conditions set out in the Explanatory Statement."

ASX voting exclusion

The Company will disregard any votes cast under Resolution 1 by any persons who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity as holder of Shares, if Resolution 1 is passed, and any of their associates unless the votes are cast:

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

2. Resolution 2 - Approval of Placement of up to 80,000,000 Shares

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

"That for the purpose of Listing Rule 7.1 and for all other purposes, approval is given for the issue and allotment of up to 80,000,000 Shares at an issue price of at least 80% of the average market price for Shares calculated over the last 5 days on which sales in Shares were recorded on ASX before the day on which the issue was made, to sophisticated and professional investors and other investors to whom the placement may be made without a disclosure document, on the terms and conditions set out in the Explanatory Statement."

ASX voting exclusion

The Company will disregard any votes cast under Resolution 2 by any person who may participate in the proposed placement and a person who might obtain a benefit, except a benefit solely in the capacity as holder of Shares, if the Resolution is passed and any of their associates unless the votes are cast:

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

3. Resolution 3 - Ratification of prior issues of Options

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

(a) Issue of 500,000 Options to Eteward International Group Limited

"That for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 500,000 Options each exercisable at \$0.80 and expiring 30 December 2020, to Eteward International Group Limited on the terms and conditions set out in the Explanatory Statement."

(b) Issue of 1,000,000 Options to Iana Pty Ltd

"That for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 1,000,000 Options each exercisable at \$0.80 and expiring 16 November 2019, to Iana Pty Ltd, as trustee for the Cowden Super Fund, on the terms and conditions set out in the Explanatory Statement."

(c) Issue of 1,500,000 Options to Speedy Focus Investments Limited

"That for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 1,500,000 Options each exercisable at \$0.80 and expiring 30 December 2020, to Speedy Focus Investments Limited on the terms and conditions set out in the Explanatory Statement."

ASX voting exclusion

The Company will disregard any votes cast under each of Resolutions 3(a), 3(b) or 3(c) by any person who participated in the issue and any of their associates unless the votes are cast:

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

4. Resolution 4 – Approval of Issue of Director Options to Matthew Collard

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

"That for the purposes of Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the issue and allotment by the Company of 3,000,000 Director Options to Matthew Collard, the Managing Director of the Company, (or his nominee) on the terms and conditions set out in Annexure A of, and for the purposes and as described in, the Explanatory Statement and the issue of Shares upon exercise of those Director Options from time to time."

ASX voting exclusion

The Company will disregard any votes cast under Resolution 4 by Matthew Collard (or his nominee) and any associate of Mr Collard unless the votes are cast:

- by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- 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.

Voting prohibition statement

A vote on Resolution 4 must not be cast by, or on behalf of, Mr Collard or any of his associates, unless:

- the vote is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 4; and

- it is not cast on behalf of Mr Collard or any of his associates.

A person appointed as proxy must not vote on Resolution 4 if that person is either a member of the Key Management Personnel of the Company or a Closely Related Party of such a member and the proxy appointment does not specify the way the proxy is to vote on the resolution. However, this does not apply if:

- the person is the Chair of the meeting; and
- the proxy appointment expressly authorises the Chair to exercise the proxy even if the resolution is connected, directly or indirectly, with the remuneration of a member of the Key Management Personnel.

5. Resolution 5 – Approval of Issue of Director Options to Yibo Qiu

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

“That for the purposes of Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the issue and allotment by the Company of 1,000,000 Director Options to Yibo Qiu, Executive Director of Marketing for the Company, (or his nominee) on the terms and conditions set out in Annexure A of, and for the purposes and as described in, the Explanatory Statement and the issue of Shares upon exercise of those Director Options from time to time.”

ASX voting exclusion

The Company will disregard any votes cast under Resolution 5 by Yibo Qiu (or his nominee) and any associate of Mr Qiu unless the votes are cast:

- by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- 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.

Voting prohibition statement

A vote on Resolution 5 must not be cast by, or on behalf of, Mr Qiu or any of his associates, unless:

- the vote is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 5; and
- it is not cast on behalf of Mr Qiu or any of his associates.

A person appointed as proxy must not vote on Resolution 5 if that person is either a member of the Key Management Personnel of the Company or a Closely Related Party of such a member and the proxy appointment does not specify the way the proxy is to vote on the resolution. However, this does not apply if:

- the person is the Chair of the meeting; and
- the proxy appointment expressly authorises the Chair to exercise the proxy even if the resolution is connected, directly or indirectly, with the remuneration of a member of the Key Management Personnel.

6. Resolution 6 – Approval to Grant Security to a Related Party

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

“That for the purposes of Listing Rule 10.1, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the grant of Security over the assets and undertakings of Amex Resources Limited to a Fund to be established for the purpose of providing debt funding to the Company in the amount of USD60,000,000 for the purposes and as described in, the Explanatory Statement and in the Independent Expert’s Report. Mr Kenny Zhang, a substantial shareholder of the Company and therefore a related party in this transaction will invest in the Fund and may control the Fund.”

The Independent Expert's Report prepared by Stantons International Securities concludes that the proposal outlined in Resolution 6 is fair and reasonable to Shareholders not associated with Mr Zhang. Shareholders are referred to the Independent Expert's Report attached as Annexure E to this Notice of Meeting.

ASX voting exclusion

The Company will disregard any votes cast under Resolution 6 by Mr Zhang (or his nominee) and any associate of Mr Zhang unless the votes are cast:

- by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- 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.

Voting prohibition statement

A vote on Resolution 6 must not be cast by, or on behalf of, Mr Zhang or any of his associates, unless:

- the vote is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 6; and
- it is not cast on behalf of Mr Zhang or any of his associates.

A person appointed as proxy must not vote on Resolution 6 if that person is either a member of the Key Management Personnel of the Company or a Closely Related Party of such a member and the proxy appointment does not specify the way the proxy is to vote on the resolution. However, this does not apply if:

- the person is the Chair of the meeting; and
- the proxy appointment expressly authorises the Chair to exercise the proxy even if the resolution is connected, directly or indirectly, with the remuneration of a member of the Key Management Personnel.

INFORMATION FOR SHAREHOLDERS

Voting in person

To vote in person at this Meeting, members should attend on the date and at the place fixed for the Meeting as set out above.

An individual attending the Meeting as corporate representative must produce the appropriate "Certificate of Appointment of Corporate Representative" unless this has previously been lodged with the Company or its share registry. A form of this certificate may be obtained from the Company.

Voting by proxy

Members entitled to attend and vote at this Meeting are entitled to appoint an individual or a body corporate as their proxy to vote on their behalf. A proxy need not be a member of the Company. A member who is entitled to cast two or more votes at the meeting may appoint two proxies and may specify the proportion or number of votes each proxy may exercise.

The member may specify the manner in which the proxy is to vote on a particular resolution and if it does:

- (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way; and
- (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution—the proxy must not vote on a show of hands; and
- (c) if the proxy is the Chair—the proxy must vote on a poll, and must vote that way; and
- (d) if the proxy is not the Chair—the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.

If a proxy is also a member, the above does not affect the way that the person can cast any votes they hold as a member.

Lodgement of proxy forms

To be effective, the proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) must be received by the Company at least 48 hours before the time for holding the Meeting, or adjourned meeting as the case may be. The Company specifies the following information for the receipt of proxy appointments:

- **if posted:** 22 Emerald Terrace, West Perth, Western Australia 6005
- **if delivered:** the registered office of the Company at 22 Emerald Terrace, West Perth, Western Australia 6005
- **if sent by facsimile:** +61 8 9321 0320
- **if sent by email:** gary@amex.net.au

The proxy form must be completed in accordance with the instructions on the form and signed by the Shareholder or his/her attorney duly authorised in writing or, if the Shareholder is a body corporate, in a manner permitted by the Corporations Act. In the case of shares jointly held by two or more persons, all joint holders must sign the proxy form.

Undirected proxies

The Chair will vote all undirected proxies that he or she is entitled to vote in favour of the proposed Resolutions.

Voting entitlement

For the purposes of determining voting entitlements at the Meeting, and in accordance with Regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the Directors have determined that Shares will be taken to be held by the persons who are registered as holding the Shares at 4.00pm (WST) on Monday, 15 August 2016. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Dated 7 July 2016

By order of the Board

**Gary Dunlop
Company Secretary**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be conducted at the General Meeting of Shareholders to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Wednesday, 17 August 2016 at 10:00am (WST).

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

1. Resolution 1 – Issue of Conditional Call Option to Construction Contractor

1.1 Background

The Company announced on 31 October 2015 that it had signed a lump sum procurement, construction and management contract for development of its Mba Delta Ironsands Project in Fiji (*Contract*). On 11 April 2016 the Company announced it had signed an amendment deed which changed the contract start date to 1 May 2016.

The final milestone payment of the contract is USD15 million and is payable twelve months after the date of the Taking Over Certificate. The Company and the Contractor negotiated security for this delayed payment to be the issue of a Conditional Call Option over shares in the Company which the Contractor will hold and may only exercise in the event the Company fails to make the USD15 million payment twelve months after the date of the Taking Over Certificate.

The final milestone payment of the contract in the amount of USD15 million only becomes payable to the Contractor by the Company when the contractor has achieved construction milestones and the Company signs the Taking Over Certificate. The Company and the Contractor have agreed the Company will pay the final milestone payment twelve months after the Taking Over Certificate has been signed. As security to the Contractor for this twelve months of credit for the final milestone payment of USD15 million the Company and the Contractor have agreed on this Conditional Call Option, subject to Shareholder and regulatory approval. Should the Company be unable to fully pay the USD15 million the balance may be made up of shares issued under the Conditional Call Option up to the 19.9% threshold limit.

The basis for the issue of the Option over shares is per the clauses below which have been extracted verbatim from the Amendment Deed.

“In this Sub-Clause 14.9A:

(i) “Condition Precedent” means the Employer has obtained, by the time the Employer is required to grant the Option in accordance with subparagraph (b) below, all reasonable or necessary regulatory, stock exchange and shareholder approvals and permissions, to enable it to grant the Option to the Contractor;

(ii) “Debt” means the principal amount of any unpaid balance of the Final Payment Certificate plus interest (calculated in accordance with Sub-Clause 14.7(d));

(iii) “Hypothetical Option Number” means the number of shares which would hypothetically be required to be issued if the Option were exercisable and exercised on the date of the Taking Over Certificate, without reference to the Threshold;

(iv) “Option” means an option on market standard terms and conditions by which the Contractor may, at any time after the date 12 months from the date of the Taking Over Certificate, call on the Employer to issue to the Contractor ordinary shares in the Employer with an aggregate par value equal to the Debt based on the volume weighted average price of the Employer’s ordinary shares over the three calendar month period prior to the date of the Contractor’s notice of exercise of the option PROVIDED THAT if the number of fully paid ordinary shares in the Employer held by the Contractor immediately after the exercise of the Option would exceed the Threshold, the number of shares the Employer must issue shall be reduced by the minimum number required to render the Contractor’s holding of ordinary shares in the Employer, immediately after the issue of the shares, below the

Threshold;

(v) “Threshold” means 19.9% of the fully-paid ordinary shares of the Employer at the date of issue of the shares the subject of the Option;”

1.2 Notice requirements of the Listing Rules

Subject to certain exemptions (none of which are relevant here), Listing Rule 7.1 restricts a listed company from issuing or agreeing to issue equity securities in any 12 month period which amount to more than 15% of the Company’s ordinary securities on issue, without shareholder approval. However, issues of ordinary securities made with the prior approval of the shareholders in a general meeting are not subject to this restriction and will not be counted as part of the 15% limit. Accordingly, if Shareholders of the Company pass Resolution 1, the Option to be issued to the Contractor under that Resolution and any Shares issued on exercise of that Option will not be counted towards the 15% limit in respect of issues of equity securities in the following 12 month period.

As required by Listing Rule 7.3, the following information is provided to Shareholders to allow them to assess the issue of Shares under Resolution 1:

- (a) An Option will be issued over shares the quantity of which will be determined by section 1.1 above on the date of the construction contract Taking Over Certificate.
- (b) The Option will be issued for no consideration.
- (c) The Option will be issued within three months of Shareholder approval or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules.
- (d) The terms and conditions of the Option is set out in Annexure D to this Explanatory Statement.
- (e) The Option will be allotted to CCCC First Harbor Consultants Co. Limited.
- (f) No funds will be raised by the issue of the Option. If the Option is exercised twelve months after the date of the Taking Over Certificate the USD15 million debt plus interest will be extinguished to the extent permitted by the calculation in section 1.1 above and shown in the table below.
- (g) If the exercise of the Option fails to deliver shares to the value of USD15 million to the Contractor on the day of exercise the Company will settle the remaining balance due to the Contractor with a cash payment as illustrated in the table below.

Table Showing the Effect of Various Share Price Points on the Share Issue Calculation under the Option

Share Price at taking over certificate date 30/11/2017 (3 month weighted average)	0.30	0.60	1.00	1.50	2.00
Delayed payment at date of taking over certificate USD	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
interest for 12 months at 4% USD	600,000	600,000	600,000	600,000	600,000
Total debt 12 months after taking over certificate 30/11/2018	15,600,000	15,600,000	15,600,000	15,600,000	15,600,000
Conversion to AUD at 0.76	20,526,316	20,526,316	20,526,316	20,526,316	20,526,316
Number of shares on issue (using current position)	108,043,080	108,043,080	108,043,080	108,043,080	108,043,080
Number of shares to issue under the option	68,421,053	34,210,526	20,526,316	13,684,211	10,263,158
Threshold shares at 19.9%	35,116,362	28,308,468	25,585,310	24,223,731	23,542,941
Number of shares to issue	35,116,362	28,308,468	20,526,316	13,684,211	10,263,158
Cash to pay to settle the delayed payment amount	9,991,407	3,541,235	-	-	-

1.3 Directors’ recommendation

To enable the Company to benefit from the delayed payment under the Contract referred to in **section 1.1** above, all of the Directors are of the view that the issue of the Option to the Contractor is in the best interests of the Company and unanimously recommend that

Shareholders vote in favour of Resolution 1.

2. Resolution 2 – Approval of Placement of up to 80,000,000 Shares

2.1 Background

The Company announced on 24 September 2015 that it had signed a USD30 million short term loan facility and a USD50 million underwriting facility to fund the construction contract described in section 1.1 above. Directors would prefer to replace these funding facilities with cheaper debt and / or equity funds. Additionally, the Company is also responsible for other costs relating to the development of the Project as described below. The Board has determined that some of part of these costs should be provided by the Placement. It is intended that the Placement Shares will be allotted to sophisticated investors, professional investors and other investors to whom the issue may be made without a disclosure document, subject to Shareholder approval being given under Resolution 2 for the purpose of Listing Rule 7.1.

The funds raised by the issue of the Placement Shares will be used for any or all of the following:

- repaying some or all of the USD30 million short term loan facility;
- replacing some or all of the USD50 million underwriting facility;
- funding navigation channel dredging and transit base construction;
- management and administration expenses associated with the Contract;
- funding part of the marine fleet purchases;
- funding ongoing exploration; and
- working capital purposes.

2.2 Notice requirements of the Listing Rules

The effect of Listing Rule 7.1 is summarised in **section 1.2** above.

If Shareholders of the Company pass Resolution 2, the Shares issued under the Placement will not be counted towards the 15% limit under Listing Rule 7.1 in respect of issues of equity securities in the following 12 month period.

As required by Listing Rule 7.3, the following information is provided to Shareholders to allow them to assess the Placement:

- (a) The maximum number of securities to be issued pursuant to Resolution 2 is 80,000,000 Shares. The total number of ordinary securities issued by the Company as at the date of this Notice is 108,043,080 Shares. If Resolution 2 is approved and all of the 80,000,000 Shares are issued, the result will be that, prior to the exercise of any Options, the number of ordinary securities issued by the Company will increase to 188,043,080 shares, being a percentage increase of 74%.
- (b) The Placement Shares will be issued and allotted progressively over the period of 3 months after the date of the Meeting, or such longer period as approved by ASX.
- (c) The issue price of the Placement Shares will be at least 80% of the average market price for Shares calculated over the last 5 days on which sales in Shares were recorded on ASX before the day on which the issue was made.
- (d) The Placement Shares will be allotted to sophisticated and professional investors or other investors to whom the issue may be made without a disclosure document. The identity of these investors is not known at this stage however none will be related parties of the Company.
- (e) The Placement Shares will rank pari passu in all respects from date of issue with the existing issued Shares of the Company.
- (f) It is intended that the funds raised pursuant to the issue of the Placement Shares will be used for the purposes described in **section 2.1** above.

2.3 Directors' recommendation

To enable the Company to replace some or all of a current loan and underwriting facility and fund the expenses referred to in **section 2.1** above, all of the Directors are of the view that the Placement is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of Resolution 2.

3. Resolution 3 – Ratification of prior issues of Options

3.1 Background

Since the Annual General Meeting of Shareholders in November 2015 the Board has issued the following Options:

- (a) to Eteword International Group Limited on 5 January 2016, 500,000 Options each exercisable at \$0.80 and expiring 30 December 2020 for nil consideration as a facilitation fee in connection with a placement of Shares. The placement Shares were issued pursuant to an approval given by Shareholders on 16 April 2015.
- (b) to Iana Pty Ltd as trustee for the Cowden Super Fund on 17 November 2015, 1,000,000 Options each exercisable at \$0.80 and expiring 16 November 2019, for nil consideration in connection with consultancy services rendered;
- (c) to Speedy Focus Investments Limited, 1,500,000 Options each exercisable at \$0.80 and expiring 30 December 2020 for nil consideration in connection with a placement of shares to Speedy Focus Investments Limited approved at the 17 November 2015 AGM.

The Board decided to issue these Options to the recipients as consideration to preserve the cash reserves of the Company at this stage of its development. None of the offers of these Options to the recipients required the issue of a disclosure document.

Shareholder ratification of these issues pursuant to Listing Rule 7.4 is now being sought under Resolution 3(a), 3(b) and 3(c).

3.2 Notice requirements of the Listing Rules

The issues of the Options described in **section 3.1** above were made within the 15% limit in Listing Rule 7.1 during the last 12 months and accordingly issued without shareholder approval. The Company now wishes to take the opportunity to ratify those placements under Listing Rule 7.4 and restore the Company's ability to issue securities within the 15% limit to the extent of the number of securities referred to in Resolutions 3(a), 3(b) and 3(c).

Issue of Options to Eteword International Group Limited under Resolution 3(a)

As required by Listing Rule 7.5, the following information is provided to Shareholders to allow them to assess the issue of Options under Resolution 3(a):

- (a) A total of 500,000 Options were issued.
- (b) The Options were issued for no consideration but are exercisable at \$0.80 each.
- (c) The terms and conditions of the Options are set out in Annexure B to this Explanatory Statement. The Shares to be issued on exercise of the Options will rank pari passu in all respects from date of issue with, and enjoy the same rights as, the existing fully paid ordinary Shares of the Company.
- (d) The Options were allotted to Eteword International Group Limited, who is not a related party of the Company.
- (e) No funds were raised as the 500,000 Options were issued for no consideration in connection with services rendered.

Issue of Options to Iana Pty Ltd as trustee for the Cowden Super Fund under Resolution 3(b)

As required by Listing Rule 7.5, the following information is provided to Shareholders to allow them to assess the issue of Options under Resolution 3(b):

- (a) A total of 1,000,000 Options were issued.
- (b) The Options were issued for no consideration but are exercisable at \$0.80 each.
- (c) The terms and conditions of the Options are set out in Annexure C to this Explanatory Statement. The Shares to be issued on exercise of the Options will rank pari passu in all respects from date of issue with, and enjoy the same rights as, the existing fully paid ordinary Shares of the Company.
- (d) The Options were allotted to Iana Pty Ltd as trustee for the Cowden Super Fund, which is not a related party of the Company:
- (e) No funds were raised as the 1,000,000 Options were issued for no consideration in connection with services rendered.

Issue of Options to Speedy Focus Investments Limited under Resolution 3(c)

As required by Listing Rule 7.5, the following information is provided to Shareholders to allow them to assess the issue of Options under Resolution 3(c):

- (a) A total of 1,500,000 Options were issued.
- (b) The Options were issued for no consideration but are exercisable at \$0.80 each.
- (c) The terms and conditions of the Options are set out in Annexure B to this Explanatory Statement. The Shares to be issued on exercise of the Options will rank pari passu in all respects from date of issue with, and enjoy the same rights as, the existing fully paid ordinary Shares of the Company.
- (d) The Options were allotted to Speedy Focus Investments Limited, which is not a related party of the Company.
- (e) No funds were raised as the 1,500,000 Options were issued for no consideration in connection with a share placement to Speedy Focus Investments Limited.

3.3 Directors' recommendation

All of the Directors are of the view that the issue of Options described in **section 3.1** above is, for the reasons given in that section, in the best interests of the Company and unanimously recommend that Shareholders vote in favour of each of Resolutions 3(a), 3(b) and 3(c).

4. Resolution 4 – Approval of Issue of Director Options to Managing Director

4.1 Background

Resolution 4 seeks Shareholder approval to issue a total of 3,000,000 unlisted Director Options to the Managing Director Matthew Collard (or his nominee).

The issue of the Director Options is designed to act as an incentive for future performance for Mr Collard, who was appointed a Director in November 2005. The Director Options to be issued are in addition to the remuneration payable by the Company to Mr Collard. The Board acknowledges that the grant of the Director Options may be contrary to Recommendation 8.3 of the ASX Principles of Good Corporate Governance and Best Practice. However, the Board considers the grant of the Director Options to be reasonable in the circumstances as it allows Mr Collard to be rewarded for the additional duties performed by him (and for which he is not otherwise remunerated) in a way which aligns his interests with the interests of Shareholders while preserving the cash reserves of the Company at this stage of its development.

Details of the remuneration received by Mr Collard are set out in **section 4.2(e)** below.

Details of the Director Options to be issued to Mr Collard upon Resolution 4 being passed are as follows:

Number of Director Options	Exercise Price	Expiry Date (1)	Valuation (2)
3,000,000	\$0.80	5pm WST on the date which is 4 years from the date of grant of the options	\$132,000

(1) Example: if the options are granted on 15 July 2016 the expiry date would be 5pm WST on 14 July 2020.

(2) For a detailed explanation of the exercise price used and the valuation appearing in this table, refer to **sections 4.2(b) and 4.4** of this Explanatory Statement.

A summary of the terms of issue of the Director Options to be issued to Mr Collard is set out in **Annexure A**.

The Shares to be issued to Mr Collard on exercise of the Director Options issued to him will rank equally with and enjoy the same rights as all other Shares on issue. The Company does not intend to apply to ASX for official quotation of the Director Options. The value of the Director Options issued to Mr Collard and an explanation of the valuation method used by the Company are set out in **section 4.4**.

In order for the Director Options to be issued to Mr Collard, Shareholder approval is required in accordance with Chapter 2E of the Corporations Act and Listing Rule 10.11. If Shareholder approval is obtained under Listing Rule 10.11, a separate Shareholder approval is not required under Listing Rule 7.1.

4.2 Chapter 2E of the Corporations Act

Section 208 of Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company without prior shareholder approval (unless the giving of the financial benefit falls within one of the nominated exceptions, none of which are relevant here).

A Director is a related party of the Company for the purposes of the Corporations Act. The Directors consider that the issuing of securities to a related party (or nominee) as contemplated by Resolution 4 constitutes the giving of a financial benefit to a related party for the purpose of Chapter 2E of the Corporations Act and therefore requires prior Shareholder approval.

The following information is provided to Shareholders in accordance with the requirements of Chapter 2E of the Corporations Act, and in particular section 219, to enable them to assess the merits of the proposed issue of Director Options under Resolution 4:

(a) **The related party to whom the proposed resolution would permit the financial benefit to be given**

Mr Matthew Collard, who is a related party by reason of being a Director and Managing Director of the Company.

(b) **The nature of the financial benefits**

The grant of 3,000,000 Director Options to Mr Collard or his nominee.

There is no consideration payable for the grant of these Director Options. The Director Options to be issued are exercisable at \$0.80 each on or before 5pm (WST) on the date which is four years from the date of grant and will otherwise be granted on the terms of issue set out in **Annexure A**.

The number of Director Options (being 3,000,000 Options) was chosen by the Board (excluding Mr Collard) as an appropriate number to retain a director of Mr Collard's skills and experience, to form part of a reasonable remuneration package and to provide a realistic and meaningful incentive to the Director.

The option exercise price of \$0.80 was chosen by the Board (excluding Mr Collard) as a dollar amount which is approximately \$0.50 to \$0.52 higher than the Company's recent trading range of about \$0.29 to \$0.30. It was regarded as a reasonable premium about this trading range to provide a realistic and meaningful incentive to the Director.

(c) Directors' recommendations

Mr Collard declines to make a recommendation to Shareholders in regard to Resolution 4 as he has a material interest in the outcome of the Resolution to the extent that the Resolution provides for the issue of Director Options to him.

Each of the other Directors recommends Shareholders vote in favour of Resolution 4. The reasons for their recommendation are set out above, namely the grant of the Director Options allows Mr Collard to be rewarded for the additional duties performed by him (and for which he is not otherwise remunerated) in a way which aligns the interest of each Director with the interests of Shareholders while preserving the cash reserves of the Company at this stage of its development.

(d) Directors' interests in outcome of proposed resolution

Mr Collard's interests in the outcome of proposed Resolution 4 are set out above and elsewhere in this Explanatory Statement.

The Directors (other than Mr Collard) do not have an interest in the outcome of Resolution 4.

(e) All other information that is reasonably required by members in order to decide whether or not it is in the Company's interests to pass the proposed resolution and that is known to the Company or any of its Directors

Directors' remuneration

The total remuneration package of Mr Collard for the financial year ended 30 June 2016 is as follows:

Directors fees	Consultancy fees	Superannuation	Total (1)
\$390,000	Nil	\$30,000	\$420,000

(1) The dollar amounts in the table above do not include GST. GST is not payable on the director's fees or the superannuation contributions.

Director's interests in securities of the Company

Mr Collard currently has an interest in 1,290,000 securities of the Company and no option holdings.

The following table sets out the securities in the Company in which Mr Collard will hold an interest, and the resulting percentage holding of voting Shares which he will hold, if the maximum number of Director Options are allotted to him under Resolution 4 and those Director Options are all exercised (assuming no other options are exercised):

No. of Shares	No. of Director Options	No. of Shares (post-exercise of all)	% of issued Shares (post-exercise of Director Options)

		Director Options)	
1,290,000	3,000,000	4,290,000	3.82%

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

Effect of exercise of Director Options on Shareholders

If Shareholders approve the issue of Director Options to Mr Collard pursuant to Resolution 4 and all of these Director Options are exercised, the effect will be to increase the number of Shares on issue from 108,043,080 to 111,043,080 and dilute the shareholding of existing Shareholders by approximately 1.02% in total (assuming no other Shares in the Company are issued prior to exercise of the Director Options and no other options are exercised).

Share price

The highest and lowest recorded sale price and last recorded closing price of Shares on ASX in the 12 months prior to the date of this Notice has been as follows:

Highest \$0.50 on 3 November 2015

Lowest \$0.18 on 24 February 2016

Last recorded \$0.30 on 11 June 2016

Other information

Other than the information set out in this Explanatory Statement, the Company considers that there is no other information known to the Company or any of its Directors that is reasonably required by Shareholders in order to decide whether or not it is in the interests of the Company to pass Resolution 4. In particular, and unless otherwise mentioned in this Explanatory Statement, there are no:

- (i) opportunity costs;
- (ii) taxation consequences (such as liability for fringe benefits tax); or
- (iii) benefits foregone by the Company,

resulting from the giving by the Company of the benefits the subject of Resolution 4 as the Board believes that the grant of the Director Options provides cost effective consideration to Mr Collard for his ongoing commitment and contribution to the Company.

4.3 Listing Rule 10.11

Listing Rule 10.11 provides that a company must not issue equity securities (including options to subscribe for shares) to a related party of a company, such as a director, without the company obtaining the approval by ordinary resolution of its Shareholders. Accordingly, the Company is seeking the approval of the Shareholders under Listing Rule 10.11 to allow the Company to issue the Director Options to Director Mr Collard. If Shareholders approve the issue of the Director Options under Listing Rule 10.11, approval is not required under Listing Rule 7.1 in relation to the 15% restriction in Listing Rule 7.1.

Listing Rule 10.13 requires that the following information is provided to Shareholders to allow them to assess the proposed issue of Director Options under Resolution 4:

- (a) the Director Options to be issued by the Company under Resolution 4 will be issued to Director Mr Collard (or his nominee);
- (b) the maximum number of Director Options to be issued by the Company under Resolution 4 is 3,000,000. If all of these Director Options are exercised, Mr Collard will be entitled to be issued 3,000,000 Shares;
- (c) the Director Options will be issued to Mr Collard as soon as possible after the Resolution is passed but, in any case, not later than 1 month after the date of the Meeting;
- (d) the Director Options will be granted for nil consideration, will have an exercise price for each Director Option of \$0.80 and will be issued on the terms set out in Annexure A; and
- (e) as the Director Options will be issued for nil consideration, no funds will be raised by the issue. If all of the Director Options are exercised, the sum of \$2,400,000 will be received by the Company. However, there is no guarantee that all Director Options will be exercised. Any money raised as a result of the exercise of any Director Options is intended to be used by the Company for general working capital purposes.

4.4 Valuation

It is an ASIC requirement that a dollar value is placed on the Director Options to be issued to Mr Collard. The Black-Scholes option pricing model is generally regarded as acceptable as a valuation model which is designed to value ASX quoted securities that are freely tradeable on ASX. While the Director Options proposed to be granted will not be granted official quotation for trading on ASX, in establishing a valuation for present purposes a discount has not been included notwithstanding the unquoted status of the Director Options.

In determining the value of the Director Options, the Company is required to disclose the following assumptions that have been made:

- (a) a Share price of \$0.30 is used, based on the Share price of the Company on 11 June 2016;
- (b) the exercise price of the Director Options to be issued to Mr Collard is \$0.80;
- (c) price volatility of the Company's Shares is approximately 50%;
- (d) the average current risk free interest rate is 2.25%; and
- (e) all Director Options will be exercised immediately prior to their expiry date (being 5pm (WST) on the date which is 4 years after date of issue).

Based on these assumptions, and using the Black-Scholes option pricing model, the Company estimates that the Director Options to be issued to Mr Collard are valued at approximately \$0.044 each. The amount of the financial benefit to be given to Mr Collard is as set out in **section 4.1** above.

However, as at the date of issue of the Director Options and the date of issue of the Shares issued on exercise of those Director Options, the trading price of Shares on ASX may have gone up or down which would increase or reduce the amount of the financial benefit respectively.

4.5 Directors' recommendations

For the reasons set out in **section 4.2(c) above**, Mr Collard declines to make a recommendation to Shareholders in relation to Resolution 4 and the remainder of the Board of Directors recommend that Shareholders vote in favour of the Resolution.

5. Resolution 5 – Approval of Issue of Director Options to Marketing Director

5.1 Background

Resolution 5 seeks Shareholder approval to issue a total of 1,000,000 unlisted Director Options to the Marketing Director Yibo Qiu (or his nominee).

The issue of the Director Options is designed to act as an incentive for future performance for Mr Qiu, who was appointed a Director in September 2007. The Director Options to be issued are in addition to the remuneration payable by the Company to Mr Qiu. The Board acknowledges that the grant of the Director Options may be contrary to Recommendation 8.3 of the ASX Principles of Good Corporate Governance and Best Practice. However, the Board considers the grant of the Director Options to be reasonable in the circumstances as it allows Mr Qiu to be rewarded for the additional duties performed by him (and for which he is not otherwise remunerated) in a way which aligns his interests with the interests of Shareholders while preserving the cash reserves of the Company at this stage of its development.

Details of the remuneration received by Mr Qiu are set out in **section 5.2(e)** below.

Details of the Director Options to be issued to Mr Qiu upon Resolution 5 being passed are as follows:

Number of Director Options	Exercise Price	Expiry Date (1)	Valuation (2)
1,000,000	\$0.80	5pm WST on the date which is 4 years from the date of grant of the options	\$44,000

- (1) Example: if the options are granted on 15 July 2016 the expiry date would be 5pm WST on 14 July 2020.
- (2) For a detailed explanation of the exercise price used and the valuation appearing in this table, refer to **sections 5.2(b) and 5.4** of this Explanatory Statement.

A summary of the terms of issue of the Director Options to be issued to Mr Qiu is set out in **Annexure A**.

The Shares to be issued to Mr Qiu on exercise of the Director Options issued to him will rank equally with and enjoy the same rights as all other Shares on issue. The Company does not intend to apply to ASX for official quotation of the Director Options. The value of the Director Options issued to Mr Qiu and an explanation of the valuation method used by the Company are set out in **section 5.4**.

In order for the Director Options to be issued to Mr Qiu, Shareholder approval is required in accordance with Chapter 2E of the Corporations Act and Listing Rule 10.11. If Shareholder approval is obtained under Listing Rule 10.11, a separate Shareholder approval is not required under Listing Rule 7.1.

5.2 Chapter 2E of the Corporations Act

Section 208 of Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company without prior shareholder approval (unless the giving of the financial benefit falls within one of the nominated exceptions, none of which are relevant here).

A Director is a related party of the Company for the purposes of the Corporations Act. The Directors consider that the issuing of securities to a related party (or nominee) as contemplated

by Resolution 5 constitutes the giving of a financial benefit to a related party for the purpose of Chapter 2E of the Corporations Act and therefore requires prior Shareholder approval.

The following information is provided to Shareholders in accordance with the requirements of Chapter 2E of the Corporations Act, and in particular section 219, to enable them to assess the merits of the proposed issue of Director Options under Resolution 5:

(a) **The related party to whom the proposed resolution would permit the financial benefit to be given**

Mr Yibo Qiu, who is a related party by reason of being a Director and Marketing Director of the Company.

(b) **The nature of the financial benefits**

The grant of 1,000,000 Director Options to the Mr Qiu or his nominee.

There is no consideration payable for the grant of these Director Options. The Director Options to be issued are exercisable at \$0.80 each on or before 5pm (WST) on the date which is four years from the date of grant and will otherwise be granted on the terms of issue set out in **Annexure A**.

The number of Director Options (being 1,000,000 Options) was chosen by the Board (excluding Mr Qiu) as an appropriate number to retain a director of Mr Qiu's skills and experience, to form part of a reasonable remuneration package and to provide a realistic and meaningful incentive to the Director.

The option exercise price of \$0.80 was chosen by the Board (excluding Mr Qiu) as a dollar amount which is approximately \$0.50 to \$0.52 higher than the Company's recent trading range of about \$0.29 to \$0.30. It was regarded as a reasonable premium about this trading range to provide a realistic and meaningful incentive to the Director.

(c) **Directors' recommendations**

Mr Qiu declines to make a recommendation to Shareholders in regard to Resolution 5 as he has a material interest in the outcome of the Resolution to the extent that the Resolution provides for the issue of Director Options to him.

Each of the other Directors recommends Shareholders vote in favour of Resolution 5. The reasons for their recommendation are set out above, namely the grant of the Director Options allows Mr Qiu to be rewarded for the additional duties performed by him (and for which he is not otherwise remunerated) in a way which aligns the interest of each Director with the interests of Shareholders while preserving the cash reserves of the Company at this stage of its development.

(d) **Directors' interests in outcome of proposed resolution**

Mr Qiu's interests in the outcome of proposed Resolution 5 are set out above and elsewhere in this Explanatory Statement.

The Directors (other than Mr Qiu) do not have an interest in the outcome of Resolution 5.

(e) **All other information that is reasonably required by members in order to decide whether or not it is in the Company's interests to pass the proposed resolution and that is known to the Company or any of its Directors**

Directors' remuneration

The total remuneration package of Mr Qiu for the financial year ended 30 June 2016 is as follows:

Directors fees	Consultancy fees	Superannuation	Total (1)
\$150,000	Nil	\$14,250	\$164,250

- (1) The dollar amounts in the table above do not include GST. GST is not payable on the director's fees or the superannuation contributions.

Director's interests in securities of the Company

Mr Qiu currently has an interest in 5,500,000 securities of the Company and no option holdings.

The following table sets out the securities in the Company in which Mr Qiu will hold an interest, and the resulting percentage holding of voting Shares which he will hold, if the maximum number of Director Options are allotted to him under Resolution 5 and those Director Options are all exercised (assuming no other options are exercised):

No. of Shares	No of Director Options	No. of Shares (post-exercise of all Director Options)	% of issued Shares (post-exercise of Director Options)
5,500,000	1,000,000	6,500,000	5.96%

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

Effect of exercise of Director Options on Shareholders

If Shareholders approve the issue of Director Options to Mr Qiu pursuant to Resolution 5 and all of these Director Options are exercised, the effect will be to increase the number of Shares on issue from 108,043,080 to 109,043,080 and dilute the shareholding of existing Shareholders by approximately 0.009% in total (assuming no other Shares in the Company are issued prior to exercise of the Director Options and no other options are exercised).

Share price

The highest and lowest recorded sale price and last recorded closing price of Shares on ASX in the 12 months prior to the date of this Notice has been as follows:

Highest \$0.50 on 3 November 2015

Lowest \$0.18 on 24 February 2016

Last recorded \$0.30 on 11 June 2016

Other information

Other than the information set out in this Explanatory Statement, the Company considers that there is no other information known to the Company or any of its Directors that is reasonably required by Shareholders in order to decide whether or not it is in the interests of the Company

to pass Resolution 5. In particular, and unless otherwise mentioned in this Explanatory Statement, there are no:

- (i) opportunity costs;
- (ii) taxation consequences (such as liability for fringe benefits tax); or
- (iii) benefits foregone by the Company,

resulting from the giving by the Company of the benefits the subject of Resolution 5 as the Board believes that the grant of the Director Options provides cost effective consideration to Mr Qiu for his ongoing commitment and contribution to the Company.

5.3 Listing Rule 10.11

Listing Rule 10.11 provides that a company must not issue equity securities (including options to subscribe for shares) to a related party of a company, such as a director, without the company obtaining the approval by ordinary resolution of its Shareholders. Accordingly, the Company is seeking the approval of the Shareholders under Listing Rule 10.11 to allow the Company to issue the Director Options to Director Mr Qiu. If Shareholders approve the issue of the Director Options under Listing Rule 10.11, approval is not required under Listing Rule 7.1 in relation to the 15% restriction in Listing Rule 7.1.

Listing Rule 10.13 requires that the following information is provided to Shareholders to allow them to assess the proposed issue of Director Options under Resolution 5:

- (f) the Director Options to be issued by the Company under Resolution 5 will be issued to Director Mr Qiu (or his nominee);
- (g) the maximum number of Director Options to be issued by the Company under Resolution 5 is 1,000,000. If all of these Director Options are exercised, Mr Qiu will be entitled to be issued 1,000,000 Shares;
- (h) the Director Options will be issued to Mr Qiu as soon as possible after the Resolution is passed but, in any case, not later than 1 month after the date of the Meeting;
- (i) the Director Options will be granted for nil consideration, will have an exercise price for each Director Option of \$0.80 and will be issued on the terms set out in Annexure A; and
- (j) as the Director Options will be issued for nil consideration, no funds will be raised by the issue. If all of the Director Options are exercised, the sum of \$800,000 will be received by the Company. However, there is no guarantee that all Director Options will be exercised. Any money raised as a result of the exercise of any Director Options is intended to be used by the Company for general working capital purposes.

5.4 Valuation

It is an ASIC requirement that a dollar value is placed on the Director Options to be issued to Mr Qiu. The Black-Scholes option pricing model is generally regarded as acceptable as a valuation model which is designed to value ASX quoted securities that are freely tradeable on ASX. While the Director Options proposed to be granted will not be granted official quotation for trading on ASX, in establishing a valuation for present purposes a discount has not been included notwithstanding the unquoted status of the Director Options.

In determining the value of the Director Options, the Company is required to disclose the following assumptions that have been made:

- (a) a Share price of \$0.30 is used, based on the Share price of the Company on 11 June 2016;

- (b) the exercise price of the Director Options to be issued to Mr Qiu is \$0.80;
- (c) price volatility of the Company's Shares is approximately 50%;
- (d) the average current risk free interest rate is 2.25%; and
- (e) all Director Options will be exercised immediately prior to their expiry date (being 5pm (WST) on the date which is 4 years after date of issue).

Based on these assumptions, and using the Black-Scholes option pricing model, the Company estimates that the Director Options to be issued to Mr Qiu are valued at approximately \$0.044 each. The amount of the financial benefit to be given to Mr Qiu is as set out in **section 5.1** above.

However, as at the date of issue of the Director Options and the date of issue of the Shares issued on exercise of those Director Options, the trading price of Shares on ASX may have gone up or down which would increase or reduce the amount of the financial benefit respectively.

5.5 Directors' recommendations

For the reasons set out in **section 5.2(c) above**, Mr Qiu declines to make a recommendation to Shareholders in relation to Resolution 5 and the remainder of the Board of Directors recommend that Shareholders vote in favour of the Resolution.

6. Resolution 6 – Approval to Grant Security to a Related Party

The Independent Expert's Report prepared by Stantons International Securities concludes that the proposal outlined in Resolution 6 is fair and reasonable to Shareholders not associated with Mr Zhang. Shareholders are referred to the Independent Expert's Report attached as Annexure E to this Notice of Meeting.

6.1 Background

Section 208 of Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company without prior shareholder approval (unless the giving of the financial benefit falls within one of the nominated exceptions, none of which are relevant here).

In May 2016, agreement was reached with a substantial shareholder of Amex, Mr Kenny Zhang, for a Hong Kong Fund (yet to be established) to lend USD60,000,000 to Amex so Amex could commence construction activities involving the Mba Delta Project and repay a portion or all of a USD30,000,000 loan due to be repaid around November 2016. It is proposed the Fund would take security over the assets and undertakings of Amex to secure the USD60,000,000 Debt and any unpaid interest. It is expected the funds will be drawn in one lump sum under the USD60,000,000 Debt Facility following shareholders' approval in August 2016.

The terms of the USD60,000,000 debt facility include a term of two years, 15% interest with year one interest in the amount of USD9,000,000 deducted from the principal in advance at drawdown, a 3.5% administration fee of USD2,100,000 and the provision of a first ranking security over the assets and undertakings of the Company with the principal repaid at maturity.

6.2 Chapter 2E of the Corporations Act and ASX Listing Rule 10.1

A Substantial shareholder who is directly, or indirectly, in receipt of a grant of security over the assets and obligations of the Company is a related party of the Company for the purposes

of the Corporations Act. The Directors consider that the issuing of security over the assets of the Company to a related party (or nominee) as contemplated by Resolution 6 constitutes the giving of a financial benefit to a related party for the purpose of Chapter 2E of the Corporations Act and therefore requires prior Shareholder approval.

The following information is provided to Shareholders in accordance with the requirements of Chapter 2E of the Corporations Act, and in particular section 219, to enable them to assess the merits of the proposed grant of Security under Resolution 6:

(a) The related party

Mr Kenny Zhang, a substantial shareholder of the Company, with an interest in 16,973,592 fully paid ordinary shares representing approximately 15.71% of the issued shares of the Company. For the purpose of ASX Listing Rule 10.1 a substantial shareholder is a shareholder with an interest in greater than ten percent of the issued shares of a company.

(b) The nature of the benefit

Mr Zhang may partially or completely control and partially or completely fund the Fund which will provide loan funds to the Company. Mr Zhang's interest in the Fund may be up to, or exceed, 50% of the Fund. The Fund will receive a grant of security over the assets and undertakings of the Company, and by virtue of participating in the Fund, Mr Zhang is deemed to be in receipt of a substantial asset of the Company. **ASX Listing Rule 10.1** provides, inter-alia, that an entity must not acquire a substantial asset from, or dispose of a substantial asset to a substantial shareholder without prior shareholder approval being obtained. A **substantial asset** is defined as an asset valued at greater than five per cent of the equity interests of a company. The grant of a security over the assets of the Company is deemed to be a disposal because the security holder may exercise its security interests over the assets of the Company in the event the Company is unable to repay the USD60,000,000.

(c) Independent experts report

To assist Shareholders in their consideration of Resolution 6 and in compliance with ASX Listing Rule 10.10.2 the Board engaged Stantons International Securities to provide an Independent Expert's Report on the fairness and reasonableness of Resolution 6 to holders of the Company's ordinary securities whose votes are not to be disregarded.

Stantons International Securities Independent Expert's Report is appended to this Explanatory Statement as Annexure E, and is part of this notice. A voting exclusion statement for Resolution 6 is provided at Resolution 6 of the Notice of Meeting.

The Independent Expert has concluded that the Grant of a Security to a Related Party is **fair and reasonable** to Shareholders not associated with Mr Zhang.

A complete copy of the Independent Expert's Report is included in **Annexure E** to this Notice of Meeting.

Shareholders are encouraged to carefully read the Independent Expert's Report to understand its scope, the assumptions on which it is based and the sources of information used in forming the expert opinion.

The Independent Expert has consented to the use of the Independent Expert's Report, and the opinion in which it contains, in the form and context used in this Notice of Meeting and Explanatory Memorandum.

(d) Technical information required by ASX Listing Rule 10.10

A complete copy of the Independent Expert's Report is provided at **Annexure E** to the Notice of Meeting. A voting exclusion statement for Resolution 6 is included at Resolution 6 of the Notice of Meeting on page 4.

6.3 Directors recommendation

All of the Directors are of the view that Resolution 6 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of Resolution 6.

7. Enquiries

Shareholders are requested to contact the Company Secretary, Gary Dunlop, on +61 8 9480 0455 if they have any queries in respect of the matters set out in these documents.

8. Glossary of Terms

In this Notice and Explanatory Statement, the following words and expressions have the following meanings:

ASX means ASX Limited ABN 98 008 624 691

AUD means currency in Australian dollars

Board means the board of Directors of the Company

Chair means the chair of the Meeting

Closely Related Party has the meaning given to it in section 9 of the Corporations Act

Company means Amex Resources Limited ACN 089 826 237

Conditional Call Option as described in Annexure D to this Explanatory Statement.

Contract is defined in **section 1.1**

Contractor means CCCC First Harbor Consultants Co. Limited of 1472 Dagu Road (South), Tianjin, China P.C. 300222 Peoples Republic of China

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

Director means a director of the Company from time to time

Dollar and **\$** means the lawful currency of the Commonwealth of Australia

Equity Securities includes a Share, a right to a Share or option over a Share, an option over a Share, a convertible security, and any security that ASX decides to classify as an Equity Security

Explanatory Statement means this explanatory statement which forms part of the Notice

Independent Expert's Report: means the independent expert's report prepared by Stantons International Securities appended to this explanatory statement which forms part of this 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. The Key Management Personnel for the most recent financial year ended are identified in the Remuneration Report in the June 2015 Annual Report to Shareholders and include the Directors (whether executive or otherwise) of the Company and the Company Secretary. There has been no change in Key Management Personnel since the date of the June 2015 Annual Report to the date of this notice

Listing Rules means the official listing rules of ASX

Meeting and **General Meeting** means the general meeting of shareholders of the Company, or any adjournment thereof, convened by the Notice

Notice and **Notice of Meeting** and **Notice of General Meeting** means the notice of general meeting which accompanies this Explanatory Statement

Option means an Option to acquire a Share in the Company under the terms and conditions set out in Annexures A, B, and C to this Explanatory Statement

Placement means the placement of up to 80,000,000 Shares proposed to be made under Resolution 2 to sophisticated and professional investors or other investors to whom the issue may be made without a disclosure document

Placement Shares means the 80,000,000 Shares proposed to be issued under the Placement

Resolution means a resolution referred to in the Notice of Meeting

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

Shareholder means a registered holder of Shares

Taking Over Certificate means a certificate issued under CD12 of the FIDIC construction contract by the Engineer and signed by both parties indicating completion of all section works

USD means currency of The United States of America

WST means Australian Western Standard Time

ANNEXURE A

Terms and conditions of the Options the subject of Resolutions 4 and 5

1. The Options will expire at 5.00pm (AWST) forty-eight months from grant date (**Expiry Date**).
2. Each Option entitles the holder to subscribe for one Share in the capital of the Company, upon exercise in accordance with the terms and conditions of issue of the Options.
3. The exercise price payable on exercise of each Option is \$0.80 (**Exercise Price**).
4. The Options may be exercised at any time prior to the Expiry Date, in whole or in part.
5. An option holder may exercise the Options by lodging with the Company a written notice of exercise of Options in the form (if any) provided to the option holder by the Company for this purpose, specifying the number of Options being exercised together with a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised (**Exercise Notice**). An Exercise Notice will only be effective when the Company has received the full amount of the Exercise Price in cleared funds.
6. Within 7 days of the receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
7. All Shares allotted pursuant to the exercise of Options will rank, from the date of allotment, equally with the existing Shares of the Company in all respects.
8. Application will not be made for official quotation of the Options on ASX.
9. The Company will apply for official quotation of Shares issued pursuant to the exercise of Options, in accordance with the Listing Rules.
10. In the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company before the Expiry Date of any Options, the Options will be reorganised in accordance with the Listing Rules.
11. An option holder is required to exercise the Option in order to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. Option holders will be provided with written notice of the terms of the issue to Shareholders and afforded that period as determined by the Listing Rules before the record closing date to determine entitlements to the issue, to exercise their Options.
12. If there is a pro rata issue (except a bonus issue) to the Shareholders, the exercise price of the Options may be reduced according to the formula set out in Listing Rule 6.22.
13. The Options are transferable.

ANNEXURE B

Terms and conditions of the Options the subject of Resolution 3(a) and 3(c)

1. The Options will expire at 5.00pm (AWST) on 30 December 2020 (**Expiry Date**).
2. Each Option entitles the holder to subscribe for one Share in the capital of the Company, upon exercise in accordance with the terms and conditions of issue of the Options.
3. The exercise price payable on exercise of each Option is \$0.80 (**Exercise Price**).
4. The Options may be exercised at any time prior to the Expiry Date, in whole or in part.
5. An option holder may exercise the Options by lodging with the Company a written notice of exercise of Options in the form (if any) provided to the option holder by the Company for this purpose, specifying the number of Options being exercised together with a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised (**Exercise Notice**). An Exercise Notice will only be effective when the Company has received the full amount of the Exercise Price in cleared funds.
6. Within 7 days of the receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
7. All Shares allotted pursuant to the exercise of Options will rank, from the date of allotment, equally with the existing Shares of the Company in all respects.
8. Application will not be made for official quotation of the Options on ASX.
9. The Company will apply for official quotation of Shares issued pursuant to the exercise of Options, in accordance with the Listing Rules.
10. In the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company before the Expiry Date of any Options, the Options will be reorganised in accordance with the Listing Rules.
11. An option holder is required to exercise the Option in order to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. Option holders will be provided with written notice of the terms of the issue to Shareholders and afforded that period as determined by the Listing Rules before the record closing date to determine entitlements to the issue, to exercise their Options.
12. If there is a pro rata issue (except a bonus issue) to the Shareholders, the exercise price of the Options may be reduced according to the formula set out in Listing Rule 6.22.
13. The Options are transferable.

ANNEXURE C

Terms and conditions of the Options the subject of Resolution 3(b)

1. The Options will expire at 5.00pm (AWST) on 16 November 2019 (**Expiry Date**).
2. Each Option entitles the holder to subscribe for one Share in the capital of the Company, upon exercise in accordance with the terms and conditions of issue of the Options.
3. The exercise price payable on exercise of each Option is \$0.80 (**Exercise Price**).
4. The Options may be exercised at any time prior to the Expiry Date, in whole or in part.
5. An option holder may exercise the Options by lodging with the Company a written notice of exercise of Options in the form (if any) provided to the option holder by the Company for this purpose, specifying the number of Options being exercised together with a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised (**Exercise Notice**). An Exercise Notice will only be effective when the Company has received the full amount of the Exercise Price in cleared funds.
6. Within 7 days of the receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
7. All Shares allotted pursuant to the exercise of Options will rank, from the date of allotment, equally with the existing Shares of the Company in all respects.
8. Application will not be made for official quotation of the Options on ASX.
9. The Company will apply for official quotation of Shares issued pursuant to the exercise of Options, in accordance with the Listing Rules.
10. In the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company before the Expiry Date of any Options, the Options will be reorganised in accordance with the Listing Rules.
11. An option holder is required to exercise the Option in order to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. Option holders will be provided with written notice of the terms of the issue to Shareholders and afforded that period as determined by the Listing Rules before the record closing date to determine entitlements to the issue, to exercise their Options.
12. If there is a pro rata issue (except a bonus issue) to the Shareholders, the exercise price of the Options may be reduced according to the formula set out in Listing Rule 6.22.
13. The Options are transferable.

ANNEXURE D

Terms and conditions of the Option the subject of Resolution 1

1. The Option will expire at 5.00pm (AWST) on the date that is twelve months after the date of the Taking Over Certificate (**Expiry Date**).
2. The Option entitles the holder to subscribe for Shares in the capital of the Company, upon exercise in accordance with the terms and conditions of issue of the Option and as calculated under the terms of the Contract and illustrated at section 1.2 of this Explanatory Statement.
3. The exercise price payable on exercise of the Option (**Exercise Price**), is the cancellation of the delayed payment balance to the extent the shares issued under the share calculation are sufficient to reduce the balance outstanding.
4. The Option **may only be exercised if the Company fails to settle the delayed payment** on the date twelve months after the date of the Taking Over Certificate as described in the contract.
5. The Contractor may exercise the option, subject to Term 4, by advising the Company in writing as detailed in the Contract.
6. Within 7 days of the receipt of the Exercise Notice, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Shares specified in the Exercise Notice.
7. All Shares allotted pursuant to the exercise of Options will rank, from the date of allotment, equally with the existing Shares of the Company in all respects.
8. Application will not be made for official quotation of the Option on ASX.
9. The Company will apply for official quotation of Shares issued pursuant to the exercise of Options, in accordance with the Listing Rules.
10. In the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company before the Expiry Date of any Options, the Option will be reorganised in accordance with the Listing Rules.
11. The option holder is not permitted to exercise this Option in order to participate in new issues of capital which may be offered to Shareholders during the currency of the Option. Other Option holders will be provided with written notice of the terms of the issue to Shareholders and afforded that period as determined by the Listing Rules before the record closing date to determine entitlements to the issue, to exercise their Option.
12. If there is a pro rata issue (except a bonus issue) to the Shareholders, the exercise price of the Option may be reduced according to the formula set out in Listing Rule 6.22.
13. The Option is not transferable.

ANNEXURE E
Independent Expert's Report

The Independent Expert, Stantons International Securities Pty Ltd, has been engaged by the Board to provide an opinion on the fairness and reasonableness to the non-associated shareholders of Amex Resources Limited on the proposal in Resolution 6 to grant a security over company assets to a Fund of which Mr Kenny Zhang may have a controlling interest. Mr Zhang is a substantial shareholder of the Company and by virtue of this transaction is also a related party.

After taking into account the factors noted in the report The Independent Expert has concluded that the grant of a security to the Fund as described in Resolution 6 outlined in this Notice of General Meeting are fair and reasonable to Shareholders of the Company (not associated with Mr Zhang) as at the date of the report.

The Independent Expert's opinion and the assumptions and sources of information on which the Independent Expert has relied to form this opinion are described in full in the attached unabridged report.

6 July 2016

The Directors
Amex Resources Limited
22 Emerald Terrace
WEST PERTH WA 6005

The Independent Expert has concluded that the Proposal the subject of Resolution 6 outlined in this Notice of General Meeting is fair and reasonable to the Shareholders of the Company (not associated with Zhang) as at the date of this report.

Dear Sirs

Re: AMEX RESOURCES LIMITED (ABN 55 089 826 237) (“AMEX” OR “THE COMPANY”) ON THE PROPOSAL WITH KENNY ZHANG (“ZHANG”) RELATING TO A TRANSACTION INCORPORATING A GRANT OF SECURITY THAT MAY LEAD TO THE POTENTIAL DISPOSAL OF THE MBA DELTA PROJECT IN FIJI AS MORE FULLY DESCRIBED BELOW - SHAREHOLDERS MEETING PURSUANT TO AUSTRALIAN SECURITIES EXCHANGE LIMITED (“ASX”) LISTING RULES 10.1

1. Introduction

1.1 We have been requested by the Directors of Amex to prepare an Independent Expert's Report to determine the fairness and reasonableness of the proposal with Zhang (refer below) as noted in Resolution 6 of the Notice of Meeting (“the Notice”) and as more fully described in the Explanatory Statement (“ES”) attached to the Notice and as outlined below.

1.2 At the date of this report, Amex owns a 100% shareholding interest in the Mba Delta Project. The Mba Delta Project is a project in Fiji that is planned to enter into construction in 2016 and ultimately commercial production of iron sands in 2017/18 financial year. Amex owns the Mba Project via a branch of Amex operating in Fiji (and not via a subsidiary). A Special Mining Lease SML60 in Fiji has been granted for a period of 21 years and provides Amex the right to mine the Mba Delta Project. One of the conditions is for the Company to commence mining operations by 30 April 2016. Due to delays in commencement of construction caused by a terminated contractor and delays incurred in sourcing a replacement contractor the Company has not met this condition. The Company expects this commencement date will be extended as the Fijian Government has been kept fully apprised of the situation and has previously granted extensions in respect of this condition.

It is planned, that subject to financing, (refer below) the Company will commence construction in 2016 and enter production in the 2017/18 financial year. A Bankable Feasibility Study (“BFS”) was completed in June 2012 and the BFS indicated a robust and commercial mining operation with a net present value of \$387 million, however this was based on a higher iron ore price (US\$134.40 per tonne) than that over the past 18 months (new model at US\$70 per tonne). Updates to the BFS regarding discounted cash flows have been undertaken based on lower magnetite iron sands prices. In addition, other changes to assumptions that altered the NPV included:

- Capex costs now estimated at US\$83.378 million vs 2012 estimate of US \$79.96 million;
- Discount rate used 9.53% vs 2012 discount rate of 8%;
- Debt of US\$80 million vs 2012 estimate of US\$nil (as no debt was assumed in 2012 as it was assumed the Project would be funded by equity);

- Interest of US\$31 million on debt to be borrowed vs 2012 estimate of US\$nil (as no debt assumed in 2012 as it was assumed the Project would be funded by equity);
- Vanadium credit US\$nil vs 2012 estimate of US\$9.90;
- Movements in Fijian/US exchange rates; and
- Partly offset by operating costs now estimated at US\$21.23 vs 2012 estimate of US\$25.97.

- 1.3 In May 2016, agreement was reached for a Hong Kong based Fund ("Fund") (not set up at the date of this report) to lend up to US\$60,000,000 to Amex so Amex could commence construction activities involving the Mba Delta Project and repay the US\$30,000,000 loan due by Amex on 14 November 2016 (bears interest at 18% pa). It is proposed that the Fund would take security over the assets and undertakings of Amex to secure the up to \$60,000,000 Debt and any unpaid interest. The security will be a fixed and floating charge over the assets and undertakings of Amex (including the Mba Delta Project) (the "Security"). The interest rate will be 15% pa.

The up to US\$60,000,000 loan facility is to be for a period of 2 years and the first year's interest of US\$9,000,000 is to be deducted from the principal amount upfront. In addition an administration fee of 3.5% of the principal amount of US\$60,000,000 is to be charged by the Fund and this will total US\$2,100,000.

Zhang is a substantial shareholder of Amex (refer below) and Zhang has agreed to lend funds to the Fund and the percentage interest of Zhang in the Fund may be up to or exceed 50%.

- 1.4 The granting of security to the Fund over the assets and undertakings of Amex (and effectively the Mba Delta Project) is considered a potential disposal of a substantial asset under ASX Listing Rule 10.1 – refer section 7 of the ES.
- 1.5 As at 30 June 2016, Zhang owns 16,973,592 shares in Amex that represents an approximate 15.71% shareholder interest in Amex and is thus deemed a substantial shareholder for the purposes of ASX Listing Rule 10.1, being over 10%. ASX Listing Rule 10.1 provides, inter-alia, that an entity must not acquire a substantial asset from, or dispose of a substantial asset to a substantial shareholder without prior shareholder approval being obtained. A substantial asset is an asset valued at greater than 5% of the equity interests of a company.
- 1.6 Accordingly, the Company is seeking shareholder approval for the purpose of ASX Listing Rule 10.1 for the potential deemed disposal of a significant asset (the "Mba Delta Project") (via the grant of Security over the assets and undertakings of Amex, including the Mba Delta Project) to the Fund (partially to be funded/controlled by Zhang). No disposal to the Fund is actually taking place but in the event of default by Amex of repayment of the proposed US\$60,000,000 Debt from the Fund, the Fund may under certain conditions exercise its Security interests over the Mba Delta Project to secure repayment of the proposed US\$60,000,000 Debt (and any accrued and unpaid interest).
- 1.7 Stantons International Securities Pty Ltd has been requested to provide an opinion in relation to the grant, and any exercise of the Security in respect of the Mba Delta Project (the "Proposal").
- 1.8 The Proposal is outlined in Resolution 6 of the Notice and we are reporting on the fairness and/or reasonableness of the Proposal.

There are 5 other resolutions being put to the shareholders of Amex and all are unrelated to the Proposal with the Fund and Zhang.

We are not reporting on the fairness and reasonableness (or merits thereof) of the other resolutions.

1.9 Apart from this introduction, this report considers the following:

- Summary of opinion
- Implications of the Proposal
- Future direction of Amex
- Fairness and Reasonableness and conclusions of the Proposal
- Shareholder decision
- Sources of information
- Appendix A and our Financial Services Guide

1.10 In determining the fairness and reasonableness of the Proposal as noted above and in Resolution 6, we have had regard for the definitions set out by the Australian Securities and Investments Commission (“ASIC”) in its Regulatory Guide 111, “Content of Expert Reports”. Regulatory Guide 111 states that an opinion as to whether an offer is fair and/or reasonable shall entail a comparison between the offer price and the value that may be attributed to the securities under offer (fairness) and an examination to determine whether there is justification for the offer price on objective grounds after reference to that value (reasonableness). The concept of “fairness” is taken to be the value of the offer price, or the consideration, being equal to or greater than the value of the securities in the above mentioned offer. Furthermore, this comparison should be made assuming 100% ownership of the “target” and irrespective of whether the consideration is scrip or cash.

An offer is “reasonable” if it is fair. An offer may also be reasonable, if despite not being “fair”, there are sufficient grounds for security holders to accept the offer in the absence of any higher bid before the close of the offer. Although in this case the Proposal with the Fund (and indirectly Zhang) do not relate to a takeover offer, we have considered the general principles noted above to determine our opinions on fairness and reasonableness.

1.11 **In our opinion, taking into account the factors noted in this report, the Proposal as outlined in paragraph 1.3 and Resolution 6 may, on balance, taking into account the factors referred to in 9 below and elsewhere in this report, be considered to be fair and reasonable to the shareholders of Amex (not associated with Zhang) as at the date of this report.**

1.12 The opinions expressed above must be read in conjunction with the more detailed analysis and comments made in this report.

2. Implications of the Proposal

2.1 By entering into the US\$60,000 Debt Facility, the Company can expedite construction of the Mba Delta Project that based on the BFS is profitable and cash flow positive (refer comments below) and allow repayment of the US\$30,000,000 loan due on 14 November 2016.

2.2 In the event that the Fund exercised the Security due to the failure of Amex to repay the US\$60,000,000 Debt, Amex will lose its 100% interest in the Mba Delta Project.

2.3 In the event that the realisable value of the Mba Delta Project was in excess of the US\$60,000,000 (and any unpaid interest due), the Fund (assuming it exercised its Security) would pay the excess amount to Amex (but noting that Amex would still lose ownership of the Mba Delta Project).

3. Future Directions of Amex

3.1 We have been advised by the directors and management of Amex, that:

- There are no proposals currently contemplated either whereby Amex will acquire from or sell any projects to the Fund and/or Zhang but it is noted that the Fund is to take the Security for a proposed US\$60,000,000 Debt over the assets and undertakings of Amex (including the Mba Delta Project);

- The composition of the Amex Board is not planned to change in the short term;
- The Company may need to raise further capital to repay the up to US\$60,000,000 Debt owing to the Fund but it is planned to repay the up to US\$60,000,000 Debt out of cash flows from commercialising the Mba Delta Project and / or refinancing;
- No dividend policy has been set; and
- The Company will endeavour to enhance the value of the Mba Delta Project (planned to enter production, subject to completion of financing) in the 2017/18 financial year.

4. Fairness and Reasonableness of the Proposal

- 4.1 We set out below some of the advantages and disadvantages and other factors pertaining to the Proposal that we considered in arriving at our conclusion on the fairness and reasonableness of the Proposal (and Resolution 6).

Advantages (including fairness)

- 4.2 It would be expected that the realisable value of the Mba Delta Project in an insolvency situation (whereby the Fund would exercise its Security) would be less than the US\$60,000,000 Debt, which may indicate that the granting of the security the subject of Resolution 6 is fair.
- 4.3 The very conservative current net present value of the Mba Delta Project (based on then current iron ore prices) for use by the auditors for the audit review for the six months ended 31 December 2015 of the Company was disclosed at US\$31,000,000 (at a discount rate of 9.53%) that is lower than the US\$60,000,000 Loan Facility. However, based on an updated model using iron ore prices of US\$100 after reference to an independent source as to future iron ore prices and allowing for vanadium credits of US\$10 notes a net present value of approximately US\$130,000,000 (at a 9.76% discount rate). If planned production was doubled (as indicated to the market via various announcements), using the latter prices would result in an approximated net present value of US\$230,000,000 (after allowing for increased capital costs of US\$25,000,000). The Company will probably defer commencement of production until there is an improvement in magnetite iron sands prices (the Company expects the prices will be significantly higher after 2017/18 when it is planned to enter production). The ultimate net present value immediately prior to production may then be significantly higher.
- 4.4 The borrowing of up to US\$60,000,000 (at an interest rate of 15% pa and an administration fee of 3.5%) will allow the Company to enter into the construction phase of the Mba Delta Project (contracted to take 18 months from 1 May 2016) and allow the Company to repay the US\$30,000,000 Loan due to be repaid in November 2016 (such loan has an interest rate of 18% pa). Without the granting of the Security, it is highly unlikely that the Company could borrow the US\$60,000,000 and thus the Company may not be in a position to continue construction and repay the US\$30,000,000 Loan due in November 2016. Alternative funding may then need to be sought and in the current economic environment, this may be very difficult and could have dire financial circumstances to Amex. Granting of security is not unusual in project financing and the Security in this instance would be not be considered unusual as compared with terms and conditions of security arrangements with other lenders of project finance.
- 4.5 The up to US\$60,000,000 Debt Facility has an interest rate of 15% pa plus an administration fee of 3.5% as compared with 18% pa interest for the US\$30,000,000 loan and an administration fee that was paid of 5%, thereby saving Amex a considerable amount of interest (as a percentage of Debt) and is being charged a lower percentage administration fee. The period of the US\$60,000,000 Debt Facility loan is for 2 years from August 2016, which based on the current construction and production time table would allow the Amex to be in production before repayment comes due. Preliminary updated cash flows indicate that after two years, at current iron ore prices, the Company's free cash flows are insufficient to repay the US\$60,000,000 Debt and thus some form of refinancing will be required.

Disadvantages

- 4.6 It is not possible to guarantee that Amex would be able to repay the Debt and any unpaid interest out of cash flows from production or a further capital raising, and on failure to repay the Debt due to the Fund (by the Fund exercising its Security), Amex would lose its 100% interest in the MBA Delta Project.

Other Factors

- 4.7 In the event of insolvency by Amex, any Administrator appointed would seek to maximise value by negotiating with interested parties to acquire the Mba Delta Project. In most cases, under an Administration scenario, the realisable value of assets are materially less than book values and technical values ascribed by recognised valuers – investors/buyers look for buying opportunities to take advantage of the poor state of affairs of the seller.
- 4.8 In the event that the realisable value of the Mba Delta project was in excess of the US\$60,000,000 (and any unpaid interest due), the Fund would pay the excess amount to Amex (but noting that Amex would still lose ownership of the Mba Delta Project).
- 4.9 The granting of Security to the Fund may impact on the ability of the Company to attract other sources of debt funding.
- 4.10 The cost to hold the meeting, including legal costs and our costs are expected at around \$75,000.

5. Conclusion as to Fairness and Reasonableness

- 5.1 **After taking into account the factors referred to in 4 above and elsewhere in this report, we are of the opinion that the advantages to the existing shareholders outweigh the disadvantages and thus the Proposal as noted in paragraphs 1.3 and Resolution 6 in the Notice are considered, on balance, to be fair and reasonable to the existing non-associated shareholders of Amex at the date of his report.**

6. Shareholder Decision

- 6.1 Stantons International Securities Pty Ltd has been engaged to prepare an Independent Expert's Report setting out whether in its opinion the Proposal is fair and reasonable and state reasons for that opinion. Stantons International Securities Pty Ltd has not been engaged to provide a recommendation to shareholders in relation to the Proposal under Resolution 6 but we have been requested to determine whether the Proposal pursuant to Resolution 6 is fair and/or reasonable to those shareholders not associated with Zhang. The responsibility for such a voting recommendation lies with the directors of Amex.
- 6.2 In any event, the decision whether to accept or reject Resolution 6 (and all other Resolutions) is a matter for individual shareholders based on each shareholder's views as to value, their expectations about future market conditions and their particular circumstances, including risk profile, liquidity preference, investment strategy, portfolio structure and tax position.

If in any doubt as to the action they should take in relation to the Proposals under Resolution 6 (and all other Resolutions), shareholders should consult their own professional adviser.

- 6.3 Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in Amex. This is an investment decision upon which Stantons International Securities Pty Ltd does not offer an opinion and is independent on whether to accept the Proposals under Resolution 6 (and all other resolutions). Shareholders should consult their own professional adviser in this regard.

7. Sources of Information

7.1 In making our assessment as to whether the Proposal as noted in paragraph 1.3 and Resolution 6 is fair and reasonable, we have reviewed relevant published available information and other unpublished information of the Company that is relevant to the current circumstances. In addition, we have held discussions with the management of Amex about the present and future operations of the Company. Statements and opinions contained in this report are given in good faith but in the preparation of this report, we have relied in part on information provided by the directors and management of Amex.

7.2 Information we have received includes, but is not limited to:

- a) Drafts of Notice of Amex and EM to 6 July 2016;
- b) Discussions with management of Amex;
- c) Details of historical market trading of Amex ordinary fully paid shares recorded by ASX for the period 1 January 2016 to 5 July 2016;
- d) Shareholding details of Amex as supplied by the Company's share registry as at 31 May 2016;
- e) Audited consolidated financial statements of the Amex Group as at 30 June 2015;
- f) Reviewed balance sheet of Amex as at 31 December 2015;
- g) Announcements made by Amex to the ASX from 1 January 2012 to 5 July 2016;
- h) The latest Net Present Value calculations on the Mba Delta Project as supplied to the Company's auditors in 2016;
- i) The Draft Agreement Letter in relation to the US\$60,000,000 Loan Facility and the Security Agreement;
- j) The loan agreement relating to the US\$30,000,000 loan.

7.3 Our report includes Appendix A and our Financial Services Guide attached to this report.

Yours faithfully

STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)



J P Van Dieren - FCA
Director

AUTHOR INDEPENDENCE AND INDEMNITY

This annexure forms part of and should be read in conjunction with the report of Stantons International Securities Pty Ltd dated 6 July 2016, relating to the Proposal as outlined in paragraph 1.3 of the report and Resolution 6 in the Notice of Meeting to Shareholders and the ES proposed to be distributed to the Amex shareholders in July 2016.

At the date of this report, Stantons International Securities Pty Ltd does not have any interest in the outcome of the Proposals. There are no relationships with Amex and Zhang (and the Fund) other than acting as an Independent Expert for the purposes of this report. Before accepting the engagement Stantons International considered all independence issues and concluded that there were no independence issues in accepting the assignment to prepare the Independent Experts Report. There are no existing relationships between Stantons International Securities Pty Ltd and the parties participating in the transaction detailed in this report which would affect our ability to provide an independent opinion. The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated at a maximum of \$11,000. The fee is payable regardless of the outcome. With the exception of the fee, neither Stantons International Securities Pty Ltd nor John P Van Dieren have received, nor will, or may they receive, any pecuniary or other benefits, whether directly or indirectly, for or in connection with the making of this report.

Stantons International Securities Pty Ltd (or its parent entity, Stantons Audit and Consulting Pty Ltd and the authors of this report) does not hold any securities in Amex. There are no pecuniary or other interests of Stantons International Securities Pty Ltd that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons International Securities Pty Ltd and Mr J Van Dieren have consented to the inclusion of this report in the form and context in which it is included as an annexure to the Notice.

QUALIFICATIONS

We advise Stantons International Securities Pty Ltd is the holder of an Australian Financial Services Licence (no 448697) under the Corporations Act 2001 relating to advice and reporting on mergers, takeovers and acquisitions that involve securities. The directors of Stantons International Audit and Consulting Pty Ltd are the directors of Stantons International Securities Pty Ltd. Stantons International Securities Pty Ltd has extensive experience in providing advice pertaining to mergers, acquisitions and strategic for both listed and unlisted companies and businesses.

Mr John P Van Dieren, FCA, the person responsible for the preparation of this report, has extensive experience in the preparation of valuations for companies and in advising corporations on takeovers generally and in particular on the valuation and financial aspects thereof, including the fairness and reasonableness of the consideration offered.

The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the task they have performed.

DECLARATION

This report has been prepared at the request of the Directors of Amex in order to assist them to assess the merits of the proposed Proposal as outlined in Resolution 6 the ES to which this report relates. This report has been prepared for the benefit of Amex's shareholders and does not provide a general expression of Stantons International Securities Pty Ltd opinion as to the longer term value of Amex and its assets. Stantons International Securities Pty Ltd does not imply, and it should not be construed, that it has carried out any form of audit on the accounting or other records of Amex. Neither the whole nor any part of this report, nor any reference thereto may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons International Securities Pty Ltd to the form and context in which it appears.

DUE CARE AND DILEGENCE

This report has been prepared by Stantons International Securities Pty Ltd with due care and diligence. The report is to assist shareholders in determining the fairness and reasonableness of the Proposals set out in Resolution 6 to the Notice and each individual shareholder may make up their own opinion as to whether to vote for or against Resolution 6.

DECLARATION AND INDEMNITY

Recognising that Stantons International Securities Pty Ltd may rely on information provided by Amex and its officers (save whether it would not be reasonable to rely on the information having regard to Stantons International Securities experience and qualifications), Amex has agreed:

- (a) To make no claim by it or its officers against Stantons International Securities Pty Ltd (and Stantons International Audit and Consulting Pty Ltd) to recover any loss or damage which Amex may suffer as a result of reasonable reliance by Stantons International Securities Pty Ltd on the information provided by Amex; and
- (b) To indemnify Stantons International Securities Pty Ltd (and Stantons International Audit and Consulting Pty Ltd) against any claim arising (wholly or in part) from Amex or any of its officers providing Stantons International Securities Pty Ltd any false or misleading information or in the failure of Amex or its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons International Securities Pty Ltd.

A draft of this report was presented to Amex directors for a review of factual information contained in the report. Comments received relating to factual matters were taken into account, however the valuation methodologies and conclusions did not alter.

**FINANCIAL SERVICES GUIDE
FOR STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)
Dated 6 July 2016**

1. Stantons International Securities ABN 42 128 908 289 and Financial Services Licence 448697 (“SIS” or “we” or “us” or “ours” as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. **Financial Services Guide**

In the above circumstances we are required to issue to you, as a retail client a Financial Services Guide (“FSG”). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No: 418019;
- remuneration that we and/or our staff and any associated receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. **Financial services we are licensed to provide**

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares, options and notes)

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

4. **General Financial Product Advice**

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

5. **Benefits that we may receive**

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither SIS, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

6. **Remuneration or other benefits received by our employees**

SIS has no employees and Stantons International Audit and Consulting Pty Ltd charges a fee to SIS. All Stantons International Audit and Consulting Pty Ltd employees receive a salary. Stantons International Audit and Consulting Pty Ltd employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

7. **Referrals**

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

8. **Associations and relationships**

SIS is ultimately a wholly owned subsidiary of Stantons International Audit and Consulting Pty Ltd a professional advisory and accounting practice. Stantons International Audit and Consulting Pty Ltd also trades as Stantons International that provides audit, corporate services, internal audit, probity, management consulting, accounting and IT audits.

From time to time, SIS and Stantons International Audit and Consulting Pty Ltd and/or their related entities may provide professional services, including audit, accounting and financial advisory services, to financial product issuers in the ordinary course of its business.

9. **Complaints resolution**

9.1 Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer
Stantons International Securities
Level 2
1 Walker Avenue
WEST PERTH WA 6005

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaints within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

9.2 **Referral to External Dispute Resolution Scheme**

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service Limited ("FOSL"). FOSL is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOSL are available at the FOSL website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited
PO Box 3
MELBOURNE VIC 8007

Toll Free: 1300 78 08 08
Facsimile: (03) 9613 6399

10. Contact details

You may contact us using the details set out above.

Telephone 08 9481 3188
Fax 08 9321 1204
Email jvdieren@stantons.com.au

AMEX RESOURCES LIMITED

ACN 089 826 237

PROXY FORM

Name of Shareholder: <NAME>
Address of Shareholder: <ADDRESS1>
<ADDRESS2>
<ADDRESS3>

CHESS HIN/SRN

Appointment of Proxy

I/We being a member/s of Amex Resources Limited entitled to attend and vote at the Annual General Meeting hereby appoint:

The Chair of the Meeting (mark box)

OR if you are not appointing the Chair of the Meeting as your proxy, please write here the full name of the individual or body corporate you are appointing as your proxy

or failing the person named, or if no person is named, the Chair of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given and subject to the relevant laws, as the proxy sees fit) at the General Meeting of Amex Resources Limited to be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia on 17 August 2016 at 10am (WST) and at any adjournment of that Meeting.

The Chair intends to vote all undirected proxies, which the Chair is entitled to vote, in favour of each Resolution.

Important for Resolutions 4 and 5: If the Chair of the Meeting is appointed as your proxy, or may be appointed by default, and you have not directed the proxy how to vote on Resolution 4 (issue of Director Options to Matthew Collard) or Resolution 5 (issue of Director Options to Yibo Qiu) by marking the boxes below, you hereby expressly authorise the Chair to exercise your proxy on Resolutions 4 and 5 even though each of those Resolutions is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

If any other member of the Key Management Personnel of the Company, or a Closely Related Party of such a member, is your nominated proxy and you have not directed the proxy how to vote on Resolution 4 and 5, the proxy's vote will not be counted in any vote on that Resolution.

Voting directions to your proxy – please mark to indicate your directions

		For	Against	Abstain
Resolution 1	Issue of Conditional Call Option to Construction Contractor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval of Placement of up to 80,000,000 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3(a)	Ratification of prior placement of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3(b)	Ratification of prior placement of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3(c)	Ratification of prior placement of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of issue of Director Options to Matthew Collard	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of issue of Director Options to Yibo Qiu	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval to Grant Security to a Related Party	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the Abstain box for a particular item of business, your votes will not be counted in computing the required majority on a poll. If you appoint a proxy, the Company encourages you to direct your proxy how to vote on each item of business.

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

Please sign here This section **must** be signed in accordance with the instructions overleaf

Individuals only

Securityholder 1.....

Securityholder 2.....

Securityholder 3.....

Companies only

Sole Director and Sole Company Secretary

Director.....

Director/Company Secretary.....

Contact name

Contact daytime telephone number

Date

How to complete the Proxy Form

1. Your address

The address on page 1 is your address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Please note that you cannot change ownership of your securities using this form.

2. Appointment of a proxy

If you wish to appoint the Chair of the Meeting as your proxy, please mark the first box. If the person you wish to appoint as your proxy is someone other than the Chair of the Meeting, please write the full name of that individual or body corporate in the space provided. If you leave both the box and this section blank, or your named proxy does not attend the Meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the Company. A proxy may be an individual or a body corporate.

3. Transfer of non Chair proxy to Chair in certain circumstances

If your appointment of a proxy specifies the way the proxy is to vote on a particular resolution and your appointed proxy is not the Chair of the meeting and at the meeting a poll is duly demanded on the question that the resolution be passed, then if either your proxy is not recorded as attending the meeting (if a record of attendance is made) or your proxy does not vote on the resolution, the Chair is taken, before voting on the resolution closes, to have been appointed as your proxy for the purposes of voting on the resolution at that meeting.

4. Votes on items of business

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses (subject to the matters set out below). If you mark more than one box on an item your vote on that item will be invalid.

If you direct your proxy how to vote on a particular resolution, the proxy need not vote on a show of hands but if the proxy does so, the proxy must vote as directed. If the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands. If the proxy is the Chair, the proxy must vote on a poll, and must vote as directed and if the proxy is not the Chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote as directed.

If any member of the Key Management Personnel of the Company, or a Closely Related Party of such a member, is your nominated proxy and you have not directed the proxy how to vote on Resolution 4 (Issue of Director Options to Matthew Collard), and Resolution 5 (Issue of Director Options to Yibo Qiu) the proxy's vote will not be counted in any vote on Resolution 4 and 5 unless that member is also the Chair of the Meeting. If the Chair of the Meeting is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote on Resolution 4 and 5, by signing and returning the Proxy Form you expressly authorise the Chair to exercise your proxy on Resolution 4 and 5 even though Resolution 4 and 5 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

5. Appointment of a second proxy

You are entitled to appoint up to two proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company or you may copy this form. To appoint a second proxy, you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together in the same envelope.

6. Signing instructions

You must sign this form as follows in the spaces provided:

Individual:	Where the holding is in one name, the holder must sign.
Joint holding:	Where the holding is in more than one name, all of the securityholders should sign.
Power of attorney:	To sign under Power of Attorney, you must have already lodged this document with the Company or the registry. If you have not previously lodged this document, please attach a certified photocopy of the Power of Attorney to this form when you return it.
Companies:	Where the company has a sole director who is also the sole company secretary, this form must be signed by that person. If the company (pursuant to section 204A of the <i>Corporations Act 2001</i>) does not have a company secretary, a sole director can also sign alone. Otherwise this form must be signed by a director jointly with either another director or a company secretary. Please indicate the office held by signing in the appropriate place.

If a representative of a corporate securityholder or proxy is to attend the Meeting, the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below no later than 48 hours before the commencement of the meeting which is scheduled for 10am (WST) on 17 August 2016. Any Proxy Form received after that time will not be valid for the scheduled meeting. **Documents may be lodged by:**

- **posting** to the Company at 22 Emerald Terrace, West Perth, Western Australia 6005; or
- **delivery** to the Company at 22 Emerald Terrace, West Perth, Western Australia 6005; or
- **sending by facsimile** to the Company on +61 8 9321 0320; or
- **email** to the Company Secretary at gary@amex.net.au