

LEGEND MINING LIMITED  
ABN 22 060 966 145

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY MEMORANDUM

AND

PROXY FORM

**Date of Meeting**  
28 April 2016

**Time of Meeting**  
11:00 am (WST)

**Place of Meeting**  
Celtic Club  
48 Ord Street  
West Perth WA 6005

*This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.*

*The 2015 Annual Report may be viewed on the Company's website at [www.legendmining.com.au](http://www.legendmining.com.au)*

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LEGEND MINING LIMITED  
ABN 22 060 966 145

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Legend Mining Limited (**Company**) will be held at the Celtic Club 48 Ord Street, West Perth WA 6005 on 28 April 2016 at 11:00 am (WST) for the purpose of transacting the following business. The Explanatory Memorandum provides additional information on matters to be considered at the Annual General Meeting. The attached proxy form and Explanatory Memorandum form part of this Notice of Meeting.

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

**ORDINARY BUSINESS**

**Financial Statements and Reports**

To receive and consider the annual financial report, together with the Directors' and Auditor's reports for the financial year ended 31 December 2015.

**RESOLUTION 1 – RE – ELECTION OF DEREK WATERFIELD AS A DIRECTOR**

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

*"That, for the purpose of clause 15.4 of the Constitution and for all other purposes, Mr Derek Waterfield, who retires by rotation as a Director, and being eligible, having offered himself for re-election, is re-elected as a Director."*

**RESOLUTION 2 – ADOPTION OF REMUNERATION REPORT**

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

*"That, for the purpose of Section 250R(2) of the Corporations Act, and for all other purposes, the Remuneration Report forming part of the Company's 2015 Annual Report be adopted."*

**Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.**

**Voting Prohibition:** A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (**the voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

**RESOLUTION 3 – APPROVAL OF GRANT OF OPTIONS TO MARK WILSON**

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

*"That, for the purposes of Listing Rule 10.11, sections 195(4) and 208 of the Corporations Act and for all other purposes, Shareholders approve and authorise the Company to issue 40,000,000 Options to Mark Wilson, or his nominees, for nil consideration on the terms and conditions as set out in the Explanatory Memorandum."*

**Note: If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.**

**Voting Exclusion:** For the purposes of Listing Rule 10.13 and section 224 of the Corporations Act, the Company will disregard any votes cast on this Resolution by Mark Wilson and any of his Associates, unless it is cast:

- (a) by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- (b) 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:** A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel; or
- (b) a Closely Related Party of such a member.

However, a person (**the voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

#### RESOLUTION 4 – APPROVAL OF GRANT OF OPTIONS TO MICHAEL ATKINS

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

*“That, for the purposes of Listing Rule 10.11, sections 195(4) and 208 of the Corporations Act and for all other purposes, Shareholders approve and authorise the Company to issue 10,000,000 Options to Michael Atkins, or his nominees, for nil consideration on the terms and conditions as set out in the Explanatory Memorandum.”*

**Note:** If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

**Voting Exclusion:** For the purposes of Listing Rule 10.13 and section 224 of the Corporations Act, the Company will disregard any votes cast on this Resolution by Michael Atkins and any of his Associates, unless it is cast:

- (a) by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- (b) 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:** A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel; or
- (b) a Closely Related Party of such a member.

However, a person (**the voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

#### RESOLUTION 5 – APPROVAL OF GRANT OF OPTIONS TO DEREK WATERFIELD

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

*“That, for the purposes of Listing Rule 10.11, sections 195(4) and 208 of the Corporations Act and for all other purposes, Shareholders approve and authorise the Company to issue 20,000,000 Options to Derek Waterfield, or his nominees, for nil consideration on the terms and conditions as set out in the Explanatory Memorandum.”*

**Note:** If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

**Voting Exclusion:** For the purposes of Listing Rule 10.13 and section 224 of the Corporations Act, the Company will disregard any votes cast on this Resolution by Derek Waterfield and any of his Associates, unless it is cast:

- (a) by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- (b) 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:** A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel; or
- (b) a Closely Related Party of such a member.

However, a person (**the voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

## OTHER BUSINESS

To deal with any other business that may be brought forward in accordance with the Constitution and the Corporations Act.

## EXPLANATORY MEMORANDUM

The accompanying Explanatory Memorandum forms part of this Notice of Annual General Meeting and should be read in conjunction with it.

Shareholders are specifically referred to the Glossary in the Explanatory Memorandum which contains definitions of capitalised terms used in this Notice of Annual General Meeting and the Explanatory Memorandum.

## PROXIES

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a "proxy") to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions on the form. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- a proxy need not be a member of the Company;
- a member may appoint a body corporate or an individual as its proxy; and
- a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

If you are a registered Shareholder of the Company and are unable to attend the Meeting in person, please date and execute the accompanying Proxy Form and return it in accordance with its instructions prior to 11:00 am (WST) on 26 April 2016:

- by post to Legend Mining Limited, PO Box 626, West Perth WA 6872; or
- by facsimile within Australia: +61 8 9212 0611.

If you are a beneficial Shareholder and receive these materials through your broker or through another intermediary, please complete and return the form of proxy or voting instruction form in accordance with the instructions provided to you by your broker or by the other intermediary.

## ENTITLEMENT TO VOTE

For the purposes of regulation 7.11.37 of the Corporations Regulations 2001, the Company determines that members holding Shares at 5:00 pm (WST) on 26 April 2016 will be entitled to attend and vote at the Meeting.

## CORPORATIONS

A corporation may elect to appoint a representative in accordance with the Corporations Act, in which case the Company will require written proof of the representative's appointment, which must be lodged with, or presented to the Company, before the Meeting.

## REVOCAION OF PROXIES

A Shareholder executing and delivering a proxy has the power to revoke it in accordance with the provisions of the Corporations Act, which provides that every proxy may be revoked by an instrument in writing executed by the Shareholder or by his or her attorney authorised in writing and delivered either to the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof at which the proxy is to be used, or to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, or in any other manner permitted by law.

### VOTING OF PROXIES

The Proxy Form accompanying this Explanatory Memorandum confers discretionary authority upon the proxy with respect to any amendments or variations to the matters identified in the Notice of Meeting and any other matters that may properly come before the Meeting.

Shareholders must mark the boxes directing its proxy how to vote. If no voting instructions are indicated on the appointment of proxy form, the proxy will be voted as recommended by management or as the proxyholder sees fit (in the latter case, if management is not appointed as proxy).

By order of the Board



Dennis Wilkins  
Company Secretary

Date: 11 March 2016

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## EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for Shareholders in connection with the business to be conducted at the Annual General Meeting of the Company to be held at the Celtic Club, 48 Ord Street, West Perth WA 6005 on 28 April 2016 commencing at 11:00 am (WST).

The purpose of this Explanatory Memorandum is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the resolutions in the accompanying Notice of Annual General Meeting.

This Explanatory Memorandum should be read in conjunction with the Notice of Annual General Meeting. Capitalised terms in this Explanatory Memorandum are defined in the Glossary.

### FINANCIAL STATEMENTS AND REPORTS

In accordance with section 317 of the Corporations Act, Shareholders will be offered the opportunity to discuss the Annual Report, including the financial report, the Directors' report and the auditor's report for the financial year ended 31 December 2015.

There is no requirement for Shareholders to approve the Annual Report.

At the Meeting, Shareholders will be offered a reasonable opportunity to

- discuss the Annual Report which is available online from the Company's website [www.legendmining.com.au](http://www.legendmining.com.au);
- ask questions about, or comment on, the management of the Company; and
- ask the auditor questions about the conduct of the audit, the preparation and content of the auditor's report, accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- the content of the auditor's report; and
- the conduct of the audit,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

### RESOLUTION 1 – RE – ELECTION OF DEREK WATERFIELD AS A DIRECTOR

#### 1.1 General

Mr Derek Waterfield was appointed as an Executive Director on 1 November 2012.

In accordance with ASX Listing Rule 14.4, no director of the Company may hold office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever period is longer. The Company's Constitution also requires that one third of the Company's directors must retire at each annual general meeting.

These requirements for a Director to retire do not apply to a Managing Director.

Accordingly, Mr Waterfield will retire by rotation at this Meeting and, being eligible, offers himself for re-election.

Resolution 1 is an ordinary resolution, requiring it to be passed by a simple majority of votes cast by the Shareholders entitled to vote on it.

#### 1.2 Director's Biography

Mr Waterfield is a Member of the Australian Institute of Geoscientists and a graduate of the University of Queensland (B.Sc. Hons). He has over 25 years' experience in gold, base metals, iron ore, nickel and uranium exploration throughout Australia and Cameroon.

Mr Waterfield started his career with CRA Exploration Pty Ltd and has held senior exploration leadership positions with Normandy Mining and Newmont Australia, and led the team that discovered the Moolart Well gold deposit in the Duketon Belt 350km north of Kalgoorlie. He was Exploration Manager at Legend Mining for five years managing Legend's WA and Cameroon projects. More recently he has been Exploration Manager for Enterprise Metals Ltd, responsible for gold, iron ore, uranium and base metal exploration in WA. Mr Waterfield has not held any former public company directorships in the last 3 years.

Following enquiry, the Board have determined that Mr Waterfield is not an independent director by virtue of his full time executive employment role with the Company.

#### 1.3 Directors' Recommendation

All the Directors, except Mr Waterfield, recommend that Shareholders vote in favour of Resolution 1.

## RESOLUTION 2 – ADOPTION OF REMUNERATION REPORT

### 2.1 General

In accordance with subsection 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders. The Annual Report contains the Remuneration Report, which sets out the remuneration policy for the Company and the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

The Remuneration Report has been sent to Shareholders who have made an election to receive the Annual Report. Copies of the Annual Report are available by contacting the Company's share registry or visiting the Company's web site [www.legendmining.com.au](http://www.legendmining.com.au).

In accordance with subsection 250R(3) of the Corporations Act, Resolution 2 is advisory only and does not bind the Directors. If Resolution 2 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

The *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011*, which came into effect on 1 July 2011, amended the Corporations Act to provide that Shareholders will have the opportunity to remove the whole Board except the managing director if the Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive annual general meetings.

Where a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution (**Spill Resolution**) on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director) who were in office at the date of approval of the applicable Directors' report must stand for re-election.

The Company's Remuneration Report did not receive a Strike at the 2014 annual general meeting (in respect of the financial year ending 31 December 2014). Accordingly, a Spill Resolution is not relevant for this Annual General Meeting. If the Remuneration Report receives a Strike at this Meeting, Shareholders should be aware that if a second Strike is received at the 2016 annual general meeting, this will result in another meeting being held within 90 days at which resolutions will be put to Shareholders for the re-election of the Directors other than the managing director and any director appointed since the remuneration report was approved by the Board.

The Chairman will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on, the Remuneration Report.

### 2.2 Voting on the Remuneration Report

In accordance with the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of either the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies how the proxy is to vote on this Resolution; or
- (b) the voter is the Chairman and the appointment of the Chairman as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chairman to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

The Chairman intends to exercise all available proxies in favour of Resolution 2.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 2, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

## RESOLUTIONS 3 TO 5 – APPROVAL OF GRANT OF OPTIONS TO DIRECTORS

### 3.1 General

The Company proposes to grant a total of 70,000,000 Options to Directors, or their nominees, for nil consideration as follows:

Name	Number of Options	Exercise Price	Expiry Date	Vesting
Mark Wilson	40,000,000	4 cents	31 March 2021	At date of allotment
Michael Atkins	10,000,000	4 cents	31 March 2021	At date of allotment
Derek Waterfield	20,000,000	4 cents	31 March 2021	At date of allotment

The full terms of the Options are set out in Annexure A to this Explanatory Memorandum.

Directors of public companies face considerable ongoing responsibilities and challenges in their roles within the Company. The grant of these Options will provide a mid to long term incentive for performance and promote opportunities for Share ownership in the Company. The Directors consider that the incentive represented by the grant of these Options is a cost effective and efficient means for the Company to provide reward and incentive.

Following the requisite shareholder approvals, the Options will be granted as soon as possible following the Meeting and in any event no later than 1 month from the date of the Meeting. The Options will vest immediately.

The exercise price is 4 cents per Option. On that basis, in the event that all the Options are exercised, the Directors or their nominees will need to pay a total of \$2,800,000 to the Company.

Resolutions 3 to 5 are required to be approved in accordance with section 208 of the Corporations Act and Listing Rule 10.11 to issue securities to Directors, being related parties of the Company. If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

### **3.2 Chapter 2E of the Corporations Act – related party transactions**

The issue of Options to Directors constitutes a grant of a financial benefit to a related party for the purposes of Chapter 2E of the Corporations Act.

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the exceptions to the prohibition in section 208 of the Corporations Act; or
- (b) prior Shareholder approval is obtained to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E, the Directors are related parties of the Company by virtue of section 228(2) of the Corporations Act and the granting of Options constitutes the giving of a financial benefit. Since all the Directors are proposed recipients of Options, and each has a conflict of interest in relation to considering the resolutions relating to the other Directors, the Board is not able to form a quorum to consider whether any of the exceptions to the prohibition apply. ASIC policy requires that the Directors do not put themselves in a position where they are in a position to influence decision making in relation to the issue of Options. Accordingly, Shareholder approval is now sought pursuant to section 195(4) of the Corporations Act for the grant of the Options for the purposes of Chapter 2E of the Corporations Act.

In accordance with the requirements of Chapter 2E of the Corporations Act, and in particular section 219, the following information is provided to Shareholders to allow them to assess whether or not to approve the grant of the Options to Directors under Resolutions 3 to 5.

#### ***Identity of the related party***

The related parties of the Company to which a financial benefit will be given under Resolutions 3 to 5 are Mr Mark Wilson, Mr Michael Atkins and Mr Derek Waterfield, Directors of the Company.

#### ***Nature of, reasons for and basis for the financial benefit***

The financial benefit to be provided to Directors under Resolutions 3 to 5 are Options. A copy of the terms and conditions of the Options is annexed as Annexure A. The Directors will not be required to make any payment for the grant of the Options. The maximum number of Options that could vest, and hence be exercised by the Directors under Resolutions 3 to 5, are set out in Table 1.

The Options are proposed to be given by the Company to the Directors in order to incentivise the Directors for their respective continuing and future efforts.

In summary Shareholders may consider that the issue of the Options proposed in Resolutions 3 to 5 could be beneficial to the Company for the following reasons:

- (a) the grant of the Options may incentivise the Directors to grow the value of the Company and assist the Company in retaining the services of the current Directors;
- (b) the payment of monetary fees alone may not be an adequate incentive to retain the Directors;
- (c) the issue of the Options, and the subsequent potential for the acquisition of Shares, could be the most cost effective and efficient means to align the interests of the Company and its Directors, providing them with reward and incentive whilst not for example making cash payments which would deplete the Company's cash reserves in order to incentivise the Directors; and
- (d) if the Options are exercised and Shares issued to the Directors, the Company will receive significant funds for working capital purposes without any fund raising costs or compliance costs.



Shareholders may consider that the issue of the Options proposed in Resolutions 3 to 5 could be adverse to the Company for the following reasons:

- (a) the issue of the Shares following any exercise of the Options will be dilutive to Shareholders;
- (b) it may be perceived that the Directors receive adequate reasonable remuneration already under their respective executive and non-executive contracts with the Company commensurate with the time commitment and responsibilities of the role;
- (c) the Options are transferable at any time, hence dilution to the Shareholders could still occur without the benefit of incentivising a Director, should a Director decide to transfer the Options; and
- (d) there are no provisions requiring lapse of the Options should any of the Directors leave the employment or the office of Director with the Company for any reason, hence allowing dilution to the Shareholders without the benefit of incentivising a Director, and allowing a former Director to benefit from the financial benefit approved at the Meeting whether or not the Director remains engaged by the Company during the exercise period of the Options.

The number and terms of the Options offered to Mr Wilson, Mr Atkins and Mr Waterfield has been determined based upon a consideration of:

- (a) their total remuneration; and
- (b) a review of peer companies' equity based remuneration to executive and non-executive directors, which was conducted by the Company Secretary for the remuneration committee (a function performed by the whole Board); and
- (b) as a result of that review, the incentives which are generally perceived to be required to attract and ensure continuity of service of directors who have appropriate knowledge and expertise for an exploration entity's activities.

Having regard to the above factors, the Options are now proposed to Shareholders for approval as an appropriate number on appropriate terms to retain and incentivise the Directors, having regard to their respective skills and experience.

***Directors' recommendations to members and reasons***

None of the Directors make any recommendation in relation to Resolutions 3-5 because they may all have a conflict of interest, in line with best practice identified by ASIC Regulatory Guide 76. All of the Directors have therefore declared a material personal interest in Resolutions 3-5 at Board meetings, including meetings of the Remuneration Committee, resolving only to put the resolutions to Shareholders under section 195(4) of the Corporations Act.

***Directors' interests in the outcome of the Resolutions***

If Resolutions 3 to 5 are passed, the Directors will become entitled to the Options as set out in Table 1 together with the rights and entitlements associated with being a holder of such Options.

***Any other information that is reasonably required by members to make a decision and that is known to the Company or any of its officers.***

- (a) If passed the proposed Resolutions will allow the Company to grant the number of Options specified in Table 1 to the relevant Directors specified in Table 1, or their nominees.
- (b) The exercise of the Options is subject to the terms and conditions as set out in Annexure A to this Explanatory Memorandum and as otherwise mentioned above. There are no provisions requiring lapse of the Options should any of the Directors leave the employment or the office of Director with the Company for any reason.
- (c) The Company's advisers have valued the Options as at the date of this Notice, using the Black-Scholes valuation method, based upon the assumptions outlined in Table 3. The total value of the Options to be issued is outlined in Table 1.
- (d) If the Options granted to the Directors are exercised, the effect would be to dilute the Shareholdings of the existing Shareholders as outlined below. As at the date of this Notice, the issued capital of the Company comprises 2,034,350,801 Shares. If all Options granted under Resolutions 3-5 are exercised, and assuming all existing Options (150,000,000) on issue have been exercised, and assuming no other Share issues occur, the effect would be to dilute the Shareholding of existing Shareholders as per the following table:

	Securities
Shares (assumes Options currently on issue are exercise)	2,184,350,801
Resolutions 3 to 5 – Options to be granted	70,000,000
<b>New Total Shares on issue</b>	<b>2,254,350,801</b>
Dilutionary Effect	3.20%

- (e) The Directors' current interests in securities of the Company are detailed in Table 2.
- (f) The market price of the Company's Shares during the term of the Options will normally determine whether or not the Option holder exercises the Options. At the time any Options are exercised and Shares are issued pursuant to the exercise of the Options, the Company's Shares may be trading at a price which is higher than the exercise price of the Options.

- (g) The Options will not be quoted on ASX. The Options are transferable. The Options therefore have less liquidity than ASX quoted Options for example, and a market value which is not currently possible to determine in the absence of a willing seller and a willing buyer.
- (h) The Shares have been traded on ASX since 28 August 1995. In the twelve months prior to the date of this Notice the Shares have traded in the range of \$0.013 to \$0.006. The most recent closing price prior to the date of this Notice was \$0.009. The Options are capable of being converted to Shares by payment of the exercise price before their expiry date.
- (i) Mr Wilson currently receives a salary of \$320,000 per annum, exclusive of superannuation. Mr Atkins currently receives director fees of \$80,000 per annum, exclusive of superannuation and Mr Waterfield receives a salary of \$220,000 per annum, exclusive of superannuation.
- (j) Under the Australian equivalent of the International Financial Reporting Standards, the Company is required to expense the value of the Options in its statement of financial performance for the current financial year. Other than as disclosed in this Explanatory Memorandum, the Directors do not consider that from an economic and commercial point of view, there are any costs or detriments, including opportunity costs or taxation consequences for the Company or benefits foregone by the Company, in granting the Options to Directors or their nominees pursuant to Resolutions 3 to 5.
- (k) Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by this Resolution.

### 3.3 Information required by Listing Rule 10.13

Listing Rule 10.13 contains certain requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 10.11 and the following information is included in this Explanatory Memorandum for that purpose.

- (a) The Options will be granted to the Directors (or their nominees), as noted in Table 1.
- (b) The maximum number of Options to be granted pursuant to Resolutions 3 to 5 is 70,000,000.
- (c) The Options will be allotted and granted on one date which will be no later than 1 month after the date of the Meeting.
- (d) The exercise price and other terms and conditions of the Options are set out in Annexure A to this Explanatory Memorandum.
- (e) The Options will be granted for no consideration and accordingly no funds will be raised by the grant of the Options.
- (f) A voting exclusion statement is included in this Notice.

**Table 1 - Details of Options to be issued to related party**

Name	Relationship	Number of Options	Exercise price	Expiry date	Vesting	Value as determined by Black-Scholes valuation
Mark Wilson	Managing Director	40,000,000	4 cents	31 March 2021	At date of allotment	\$228,000
Michael Atkins	Non-executive Chair	10,000,000	4 cents	31 March 2021	At date of allotment	\$57,000
Derek Waterfield	Executive Director	20,000,000	4 cents	31 March 2021	At date of allotment	\$114,000

**Table 2 - Details of current holdings of securities in the Company**

Director	Shares	Options
Mark Wilson	80,000,000	Nil
Michael Atkins	4,558,334	Nil
Derek Waterfield	1,000,000	Nil

**Table 3 – Value of Options – assumptions used**

Details	Input
Share price	\$0.009
Exercise Price	\$0.04
Risk Free Rate (RBA Cash Rate)	2.05%
Volatility (Annualised)	114.89%
Start Date	28 April 2016
Expiry Date	28 April 2021
<b>Value per Option</b>	<b>\$0.0057</b>

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## GLOSSARY

In this Explanatory Memorandum and the Notice, the following terms have the following meanings unless the context otherwise requires:

\$	means Australian dollars.
Annual Report	means the Directors' report, the annual financial report and auditor's report in respect of the financial year ended 31 December 2015.
ASX	means ASX Ltd ABN 98 008 624 691 and, where the context requires, the Australian Securities Exchange operated by ASX Ltd.
Board	means the board of Directors of the Company.
Closely Related Party	of a member of the Key Management Personnel means: <ul style="list-style-type: none"><li>• a spouse or child of the member;</li><li>• a child of the member's spouse;</li><li>• a dependent of the member or the member's spouse;</li><li>• anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;</li><li>• a company the member controls; or</li></ul> a person prescribed by the Corporations Regulations 2001 (Cth).
Company	means Legend Mining Limited ABN 22 060 966 145.
Constitution	means the Company's constitution, as amended from time to time.
Corporations Act	means Corporations Act 2001 (Cth).
Director	means a director of the Company.
Explanatory Memorandum	means this explanatory memorandum, which accompanies and forms part of the Notice.
Key Management Personnel	has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.
Listing Rules	means the listing rules of ASX.
Meeting	means the annual general meeting of the Company convened by the Notice of Meeting.
Notice or Notice of Meeting	means the notice of annual general meeting accompanying this Explanatory Memorandum.
Option	means an option to subscribe for one Share.
Proxy Form	means the proxy form enclosed with this Notice of Meeting.
Remuneration Report	means the remuneration report of the Company outlined in the Annual Report.
Resolution	means a resolution contained in the Notice.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means the holder of a Share.
WST	means Australian Western Standard Time.

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ANNEXURE A

TERMS AND CONDITIONS  
OPTIONS EXPIRING 31 MARCH 2021

The Options are issued on the following terms:

1. Each Option shall be issued for no consideration.
2. The exercise price of each Option will be 4 cents ("Exercise Price").
3. Each Option entitles the holder to subscribe for one Share in Legend Mining Limited ACN 060 966 145 ("Company") upon the payment of the Exercise Price per Share subscribed for.
4. The Options will lapse at 5:00 pm, Western Standard Time on 31 March 2021 ("Expiry Date").
5. The Options may be transferred at any time in accordance with the Corporations Act, the ASX Settlement Operating Rules and/or the Listing Rules.
6. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
7. Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before closing date to exercise the Options.
8. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2.
9. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
10. The Options shall be exercisable at any time until the Expiry Date ("Exercise Period") by the delivery to the registered office of the Company of a notice in writing ("Notice") stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it.
11. Quotation will not be sought for the Options. The Company will make application to ASX for quotation of the Shares issued as a result of the valid exercise of Options.
12. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Options.
13. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.

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# LEGEND MINING LIMITED

ACN 060 966 145

## PROXY FORM

**For all enquiries call:**  
Telephone: +61 (0) 8 9212 0600  
Email: legend@legendmining.com.au

### Step 1.

#### Part A. Appoint a Proxy to Vote on Your Behalf

I/We being a Shareholder/s of Legend Mining Limited and entitled to attend and vote hereby appoint

The Chairman of the Meeting (mark with an 'X') **OR**  Write here the name of the person you are appointing if this person is **someone other than** the Chairman of the Meeting.

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to attend and 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, as the proxy sees fit) at the Annual General Meeting of Legend Mining Limited to be held on 28 April 2016 at Celtic Club, 48 Ord Street, West Perth WA 6005, commencing at 11:00am (WST) and at any adjournment of that Meeting.

#### Part B. Important for Resolution 2 – If the Chairman of the Meeting is your proxy or is appointed as your proxy by default

By marking this box, I/We expressly authorise the Chairman of the Annual General Meeting to exercise my/our proxy on Resolution 2. I/We acknowledge that the Chairman of the Annual General Meeting may exercise my/our proxy even though **Resolution 2 is connected directly or indirectly with the remuneration of a member of Key Management Personnel** and votes cast by the Chairman other than as proxy holder will be disregarded because of that interest.

If you appoint the Chairman of the Annual General Meeting as your proxy you can direct the Chairman how to vote by either marking the individual resolution boxes below (for example if you wish to vote against or abstain from voting) or by marking this box (in which case, the Chairman of the Meeting will vote in favour of Resolution 2). The Chairman of the Annual General Meeting intends to vote all available proxies in favour of Resolution 2.

If you do not mark this box, and you have not directed your proxy how to vote on Resolution 2, the Chairman of the Annual General Meeting will not cast your votes on Resolution 2 and your votes will not be counted in computing the required majority if a poll is called on this Resolution.

### Step 2. Items of Business

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

		For	Against	Abstain*
Resolution 1	Re-election of Derek Waterfield as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of grant of Options to Mark Wilson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of grant of Options to Michael Atkins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of grant of Options to Derek Waterfield	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

#### Appointment of a second proxy (see instructions on next page)

If you wish to appoint a second proxy, state the % of your voting rights applicable to the proxy appointed by this form \_\_\_\_\_%

**PLEASE SIGN HERE** This section **must** be signed in accordance with the instructions overleaf to enable your directions to be implemented

#### Individual or Member 1

Sole Director and Sole Secretary

#### Member 2 (if joint holding)

Director/Company Secretary

#### Member 3 (if joint holding)

Director

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
Date

# Proxy Instructions

## Generally

A shareholder entitled to attend and vote at the Annual General Meeting convened by the Notice is entitled to appoint not more than 2 proxies to vote on the shareholder's behalf. A proxy need not be a shareholder. The proxy appointment may be a standing appointment for all general meetings until it is revoked. Additional proxy forms are available from the Company.

If a representative of a shareholder or proxy is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission. A form of the certificate may be obtained from the Company's share registry by calling +61 8 9389 8033.

## Appointing Two Proxies

A shareholder entitled to cast 2 or more votes may appoint 2 proxies. Where 2 proxies are appointed, if the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise one half of your votes. Fractions of votes will be disregarded.

## Signing Instructions

Individuals: The shareholder must sign personally.

Joint Holding: If the holding is in more than 1 name, all of the shareholders must sign.

Company: 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 Corporations Act) 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 sign in the appropriate place to indicate the office held.

Power of Attorney: The attorney must sign and the power of attorney must be deposited at the Company for inspection and return, when the proxy is lodged.

## Lodgement of a Proxy

Proxy forms (and the power of attorney, if any, under which the proxy form is signed) must be lodged at, or sent by facsimile transmission to, the offices of the Company so that it is received no later than 11:00am (WST) on, 26 April 2016.

## Documents may be lodged:

BY EMAIL info@legendmining.com.au

IN PERSON Level 1, 8 Kings Park Road, West Perth WA 6005, Australia

BY MAIL PO Box 626, West Perth WA 6872, Australia

BY FAX +61 8 9212 0611

## Your Address

This is your address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form and sign it. Security holders sponsored by a broker (in which case your reference number overleaf will commence with an "X") should advise your broker of any changes. You cannot change ownership of your shares using this form.