
LEMUR RESOURCES LIMITED

ACN 147 241 361

NOTICE OF GENERAL MEETING

TIME: 3.00PM WST

DATE: 21 FEBRUARY 2014

PLACE: STEINEPREIS PAGANIN
LEVEL 4, THE READ BUILDINGS
16 MILLIGAN STREET
PERTH WA 6000

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

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9322 1587.

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IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at:

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

on 21 February 2014 at 3.00pm WST.

Your vote is important

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

Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5.00pm WST on 19 February 2014.

Voting in person

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

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed); and
- 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
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie 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 that way (ie as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 - CREATION OF A NEW CLASS OF SECURITIES

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

"That, for the purpose of Section 246B of the Corporations Act and for all other purposes, the Company is authorised to issue Performance Shares on the terms and conditions set out in the Explanatory Statement."

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by Fortune Mojapelo, Anthony Viljoen, Ryan Rockwood and any of their associates. However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. RESOLUTION 2 – ISSUE OF PERFORMANCE SHARES TO FORTUNE MOJAPELO

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

"That, subject to the passing of Resolution 1, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 2,000,000 Performance Shares to Fortune Mojapelo (or his nominee) on the terms and conditions set out in the Explanatory Statement."

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by Fortune Mojapelo (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

3. RESOLUTION 3 – ISSUE OF PERFORMANCE SHARES TO ANTHONY VILJOEN

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

“That, subject to the passing of Resolution 1, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 4,000,000 Performance Shares to Anthony Viljoen (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by Anthony Viljoen (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

4. RESOLUTION 4 – ISSUE OF PERFORMANCE SHARES TO RYAN ROCKWOOD

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

“That, subject to the passing of Resolution 1, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 4,000,000 Performance Shares to Ryan Rockwood (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by Ryan Rockwood (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

5. RESOLUTION 5 – ISSUE OF SHARES TO FORTUNE MOJAPELO

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

“That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 500,000 Shares to Fortune Mojapelo (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by Fortune Mojapelo (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

6. RESOLUTION 6 – ISSUE OF SHARES TO ANTHONY VILJOEN

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

“That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 4,000,000 Shares to Anthony Viljoen (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by Anthony Viljoen (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

7. RESOLUTION 7 – ISSUE OF SHARES TO RYAN ROCKWOOD

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

“That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 4,000,000 Shares to Ryan Rockwood (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by Ryan Rockwood (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

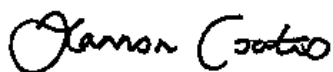
- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Dated: 16 January 2014

By order of the Board

A handwritten signature in black ink, appearing to read 'Shannon Coates', with a stylized flourish at the end.

**Shannon Coates
Company Secretary**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. RESOLUTION 1 - CREATION OF A NEW CLASS OF SECURITIES

This Resolution seeks Shareholder approval for the Company to be authorised to issue the Performance Shares.

A company with a single class of shares on issue which proposes to issue new shares not having the same rights as its existing shares, is taken to vary the rights of existing shareholders unless the Constitution already provides for such an issue.

Under article 2.1 of the Company's Constitution and, subject to the Corporations Act, the Listing Rules and the Constitution, the Company may allot and issue unissued shares in the Company on any terms, at any time and for any consideration as the Directors resolve.

Section 246B of the Corporations Act and article 2.3 of the Constitution provide that the rights attaching to a class of shares cannot be varied without:

- (a) a special resolution passed at a meeting of the Members holding Shares in that class; or
- (b) the written consent of the Members who are entitled to at least 75% of the votes that may be cast in respect of Shares in that class.

Accordingly, the Company seeks approval from Shareholders for the issue of the Performance Shares as a new class of shares on the terms set out in Schedule 1 of this Explanatory Memorandum. This Resolution is a special resolution.

The Company will also seek Shareholder approval in Resolutions 2 - 4 to issue Performance Shares to Fortune Mojapelo, Anthony Viljoen and Ryan Rockwood.

2. RESOLUTIONS 2 TO 6 – ISSUE OF PERFORMANCE SHARES AND DIRECTOR SHARES TO RELATED PARTIES

2.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue on the terms and conditions set out below:

- (a) a total of 10,000,000 performance shares (**Performance Shares**) to Messrs Mojapelo, Viljoen and Rockwood (**Related Parties**); and
- (b) a total of 8,500,000 Shares to Messrs Mojapelo, Viljoen and Rockwood (**Director Shares**),

(together the **Related Party Shares**).

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (c) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (d) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Related Party Shares constitutes giving a financial benefit and Messrs Mojapelo, Viljoen and Rockwood are related parties of the Company by virtue of being Directors.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Related Party Shares to the Related Parties.

2.2 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Related Party Shares:

- (a) the related parties are Messrs Mojapelo, Viljoen and Rockwood and they are related parties by virtue of being directors of the Company;
- (b) the maximum number of Related Party Shares (being the nature of the financial benefit being provided) to be granted to the Related Parties is:
 - (i) 2,000,000 Related Party Performance Shares and 500,000 Director Shares to Mr Mojapelo;
 - (ii) 4,000,000 Related Party Performance Shares and 4,000,000 Director Shares to Mr Viljoen; and
 - (iii) 4,000,000 Related Party Performance Shares and 4,000,000 Director Shares to Mr Rockwood;
- (c) the Related Party Shares will be granted to the Related Parties no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Related Party Shares will be issued on one date;
- (d) the Related Party Shares will be granted for nil cash consideration, accordingly no funds will be raised;
- (e) the terms and conditions of the Related Party Performance Shares are set out in Schedule 1;
- (f) the Director Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

- (g) the relevant interests of the Related Parties in securities of the Company are set out below:

Related Party	Shares	Options
Fortune Mojapelo	0	0
Anthony Viljoen	0	0
Ryan Rockwood	250,000	0

- (h) the remuneration and emoluments from the Company to the Related Parties for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	Current Financial Year	Previous Financial Year
Fortune Mojapelo	\$29,067	nil
Anthony Viljoen	\$95,567	\$43,600
Ryan Rockwood	\$92,650	\$43,600

- (i) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	8.2 cents	1 Feb 2013
Lowest	2 cents	25 & 26 Nov 2103; 4-6, 9-12 Dec 2013
Last	2.5 cents	15 Jan 2014

- (j) if Shareholders approve Resolutions 2 to 6, the shareholdings of existing Shareholders will be diluted by between approximately 4.23% and 8.77%, with:

- (i) an immediate dilutive impact of approximately 4.23% upon the issue of the Director Shares; and
- (ii) an additional dilutive impact of approximately 4.54% should the Performance Shares be converted.

The effect the issue of the Related Party Shares will have on the holdings of the relevant directors and existing Shareholders is shown in the following table:

Related Party	Holdings as at the date of this Notice of Meeting	Maximum Shares to be issued if Performance Shares are converted	Maximum Director Shares to be issued	Holdings following issue of Related Party Shares ¹
Mr Mojapelo	Nil	2,000,000	500,000	2,500,000
Mr Viljoen	Nil	4,000,000	4,000,000	8,000,000
Mr Rockwood	250,000	4,000,000	4,000,000	8,250,000
Other Shareholders	192,250,001 (99.87%)	0	0	192,250,001 (91.11%)
Total	192,500,001	10,000,000	8,500,000	211,000,001

- (k) the valuation of the Related Party Shares, based on the last trading price for the Shares of 2.5 cents is:
- (i) \$212,500 for the Director Shares; and
 - (ii) \$250,000 for the issue of the Shares, should the Performance Shares be converted.
- (l) the Board acknowledges the grant of Related Party Performance Shares to Mr Mojapelo is contrary to Recommendation 8.3 of The Corporate Governance Principles and Recommendations with 2010 Amendments (2nd Edition) as published by The ASX Corporate Governance Council. However, the Board considers the grant of Related Party Performance Shares to Mr Mojapelo reasonable in the circumstances for the reason set out in paragraphs 2.2(m)(i) to 2.2(m)(iii);
- (m) the primary purpose of the grant of the Related Party Shares to the Related Parties is to provide a performance linked incentive component in the remuneration package for the Related Parties to motivate and reward the performance of the Related Parties in their respective roles as Directors;
- (n) Mr Mojapelo declines to make a recommendation to Shareholders in relation to Resolutions 2 and 5 due to his material personal interest in the outcome of the Resolutions on the basis that he is to be granted Related Party Shares in the Company should Resolutions 2 and 5 be passed. However, in respect of Resolutions 3, 4, 6 and 7, Mr Mojapelo recommends that Shareholders vote in favour of those Resolutions for the following reasons:
- (i) the grant of Related Party Shares to the Related Parties, in particular, the milestones of the Related Party Performance Shares, will align the interests of the Related Parties with those of Shareholders;
 - (ii) the grant of the Related Party Shares is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations

than it would if alternative cash forms of remuneration were given to the Related Parties; and

- (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Related Party Shares upon the terms proposed;
- (o) Anthony Viljoen declines to make a recommendation to Shareholders in relation to Resolutions 3 and 6 due to his material personal interest in the outcome of these Resolutions on the basis that Mr Viljoen is to be granted Related Party Shares in the Company should Resolutions 3 and 6 be passed. However, in respect of Resolutions 2, 4, 5 and 7, Mr Viljoen recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraphs 2.2(m)(i) to 2.2(m)(iii);
- (p) Ryan Rockwood declines to make a recommendation to Shareholders in relation to Resolutions 4 and 7 due to his material personal interest in the outcome of these Resolutions on the basis that Mr Rockwood is to be granted Related Party Shares in the Company should Resolutions 4 and 7 be passed. However, in respect of Resolutions 2, 3, 5 and 6, Mr Rockwood recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraphs 2.2(m)(i) to 2.2(m)(iii);
- (q) Apart from as mentioned in paragraphs (m), (n) and (o) above, no other Director has a personal interest in the outcome of Resolutions 2 to 7;
- (r) Jonathan Murray recommends that Shareholders vote in favour of Resolutions 2 to 7 for the reasons set out in paragraphs 2.2(m)(i) to 2.2(m)(iii);
- (s) in forming their recommendations, each Director considered the experience of each other Related Party, the current market price of Shares, the current market practices when determining the number of Related Party Shares to be granted as well as the milestones for the Related Party Shares; and
- (t) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 2 to 6.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Shares to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Related Party Shares to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Company means Lemur Resources Limited (ACN 147 241 361).

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Proxy Form means the proxy form accompanying the Notice.

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

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

Shareholder means a registered holder of a Share.

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

SCHEDULE 1 – PERFORMANCE SHARE TERMS

The terms and conditions of the Performance Shares are set out below.

1. TERMS OF PERFORMANCE SHARES

- (i) **(Performance Shares)** Each Performance Share is a share in the capital of Lemur.
- (ii) **(General Meetings)** The Performance Shares shall confer on the holder **(Holder)** the right to receive notices of general meetings and financial reports and accounts of Lemur that are circulated to shareholders. Holders have the right to attend general meetings of shareholders of Lemur.
- (iii) **(No Voting Rights)** The Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of shareholders of Lemur, subject to any voting rights under the Corporations Act 2001 (Cth) or the ASX Listing Rules where such rights cannot be excluded by these terms.
- (iv) **(No Dividend Rights)** The Performance Shares do not entitle the Holder to any dividends.
- (v) **(Rights on Winding Up)** Upon winding up of Lemur, the Performance Shares may participate in the surplus profits or assets of Lemur only to the extent of \$0.000001 per Performance Share.
- (vi) **(Transfer of Performance Shares)** The Performance Shares are not transferable.
- (vii) **(Reorganisation of Capital)** In the event that the issued capital of Lemur is reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the ASX Listing Rules at the time of reorganisation provided that, subject to compliance with the ASX Listing Rules, following such reorganisation the economic and other rights of the Holder are not diminished or terminated.
- (viii) **(Application to ASX)** The Performance Shares will not be quoted on ASX. Upon conversion of the Performance Shares into fully paid ordinary shares in the capital of Lemur **(Shares)** in accordance with these terms, Lemur must within seven (7) days after the conversion, apply for and use its best endeavours to obtain the official quotation on ASX of the Shares arising from the conversion.
- (ix) **(Participation in Entitlements and Bonus Issues)** Subject always to the rights under item (vii) (Reorganisation of Capital), holders of Performance Shares will not be entitled to participate in new issues of capital offered to holders of the Shares such as bonus issues and entitlement issues.
- (x) **(Amendments required by ASX)** The terms of the Performance Shares may be amended as necessary by the directors of Lemur in order to comply with the ASX Listing Rules, or any directions of ASX regarding the terms provided that, subject to compliance with the ASX Listing Rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.

- (xi) **(No Other Rights)** The Performance Shares give the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

2. CONVERSION OF THE PERFORMANCE SHARES

- (i) **(Issue of Performance Shares)** Subject to shareholder approval, the Performance Shares will be issued as soon as practical following the Approval Date and as follows:
- (A) 4,000,000 Performance Shares to each Executive Director of Lemur; and
 - (B) 2,000,000 Performance Shares to Fortune Mojapelo (a non-executive director).
- (ii) **(Milestones):** The Performance Shares will convert in accordance with item 2(iii) (Conversion of Performance Shares) and upon satisfaction of the following milestones:
- (A) the Company being granted the necessary licence, concession or formal approval to allow the Company to begin construction of an independent power plant within 10kms of the area of the Imaloto Coal Project;
 - (B) the Company executing a binding joint venture agreement (or commercially equivalent agreement with a strategic partner) for the development of a material component of the Imaloto Coal Project;
 - (C) the Company's 30 day volume weighted average share price (**VWAP**) on the date shareholder approval is obtained for the Performance Shares (**Approval Date**) increases by 50% or more for a period of at least 20 consecutive trading days on which trades in Shares occur; and
 - (D) the Company's 30 day VWAP on the Approval Date increases by 75% or more for a period of at least 20 consecutive trading days on which trades in Shares occur,
- (each referred to as a **Milestone**).
- (iii) **(Conversion of Performance Shares):** Each time a Milestone is satisfied, one quarter (25%) of the Performance Shares held by the Holder will convert into an equal number of Shares.
- (iv) **(No Conversion if Milestone not Achieved)** Any Performance Share not converted into a Share within 3 years from the issue of the Performance Share, (**Performance Share Expiry Date**), will lapse.
- (v) **(After Conversion)** The Shares issued on conversion of the Performance Shares will, as and from 5.00pm (WST) on the date of issue, rank equally with and confer rights identical with all other Shares then on issue and application will be made by Lemur to ASX for official quotation of the Shares issued upon conversion.

- (vi) **(Conversion Procedure)** Lemur will issue the Holder with a new holding statement for the Shares as soon as practicable following the conversion of the Performance Shares into the Shares.
- (vii) **(Ranking of Shares)** The Shares into which the Performance Shares will convert will rank pari passu in all respects with the Shares on issue at the date of conversion.

3. DEFINITIONS

Lemur means Lemur Resources Limited (ACN 147 241 361).

APPOINTMENT OF PROXY FORM

LEMUR RESOURCES LIMITED
ACN 147 241 361

GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

OR: ☐ the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, 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 Meeting to be held at Steinepreis Paganin, Level 4, The Read Buildings, 16 Milligan Street, Perth WA 6000, on 21 February 2014 at 3.00pm WST, and at any adjournment thereof.

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

Voting on business of the Meeting		FOR	AGAINST	ABSTAIN
Resolution 1	Creation of New Class of Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Issue of Performance Shares to Fortune Mojapelo	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Issue of Performance Shares to Anthony Viljoen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Performance Shares to Ryan Rockwood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Issue of Shares to Fortune Mojapelo	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Issue of Shares to Anthony Viljoen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Issue of Shares to Ryan Rockwood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

Important for Resolutions 1 – 7

If you have not directed your proxy how to vote as your proxy in respect of Resolutions 1 – 7 and the Chair is, or may by default be, appointed your proxy, you must mark the box below.

☐ I/we direct the Chair to vote in accordance with his/her voting intentions (as set out above) on Resolutions 1 - 7 (except where I/we have indicated a different voting intention above) and expressly authorise that the Chair may exercise my/our proxy even though Resolutions 2 – 7 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel and acknowledge that the Chair may exercise my/our proxy even if the Chair has an interest in the outcome of Resolutions 2 – 7 and that votes cast by the Chair for Resolutions 2 – 7, other than as proxy holder, will be disregarded because of that interest.

If the Chair is, or may by default be, appointed your proxy and you do not mark this box and you have not directed the Chair how to vote, the Chair will not cast your votes on Resolutions 1 – 7 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 1 – 7.

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

Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date:

Contact name:

Contact ph (daytime):

E-mail address:

Consent for contact by e-mail:

YES ☐ NO ☐

Instructions for Completing 'Appointment of Proxy' Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
 - **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to Lemur Resources Limited, Suite 1, Ground Floor, 83 Havelock Street, WEST PERTH, WA, AUSTRALIA, 6005; or
 - (b) facsimile to the Company on facsimile number +61 8 9322 5230,so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.