

Musgrave Minerals Limited

ABN 12 143 890 671

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY STATEMENT

PROXY FORM

Date of Meeting

29 October 2015

Time of Meeting

10.00am (WST)

Place of Meeting

Grant Thornton Boardroom
Level 2, 10 Kings Park Road
West Perth, Western Australia, 6005

YOUR ANNUAL REPORT IS AVAILABLE ONLINE, SIMPLY VISIT:

<http://www.musgraveminerals.com.au>

Please read this Notice of Annual General Meeting and Explanatory Statement carefully.

If you are unable to attend the Annual General Meeting please complete and return the enclosed Proxy Form in accordance with the specified directions.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders of Musgrave Minerals Limited will be held at Level 2, 10 Kings Park Road, West Perth, Western Australia on Thursday 29 October 2015 at 10.00am (WST), for the purpose of transacting the business referred to in this Notice of Annual General Meeting ("Notice").

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Meeting. The Explanatory Statement and Proxy Form form part of this Notice of Meeting. Terms and abbreviations used in this Notice and Explanatory Statement are defined in Schedule 1 of the Explanatory Statement.

Shareholders are urged to vote by attending the Meeting in person or by returning a completed Proxy Form. Instructions on how to complete a Proxy Form are set out in the Explanatory Statement.

Proxy Forms must be received by no later than 10.00am (WST) on 27 October 2015.

AGENDA

ANNUAL REPORT

To receive and consider the financial statements of the Company and the reports of the Directors and Auditors for the financial year ended 30 June 2015 ("2015 Annual Report").

RESOLUTION 1 – REMUNERATION REPORT (NON-BINDING)

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

"That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, Shareholders adopt the Remuneration Report set out in the Directors' Report for the year ended 30 June 2015."

A voting exclusion statement is set out below.

RESOLUTION 2 – RE-ELECTION OF DIRECTOR – JOHN PERCIVAL

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

"That, John Percival, being a Director of the Company who retires in accordance with clause 6.1 of the Company's Constitution, be re-elected as a Director of the Company."

RESOLUTION 3 – APPROVAL OF 10% PLACEMENT FACILITY

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

"That for the purposes of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, for the purpose and on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement is set out below.

RESOLUTION 4 – ALTERATION OF CONSTITUTION – RE-INSERTION OF PARTIAL TAKEOVER PROVISIONS

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

"That pursuant to sections 136(2) and 648G of the Corporations Act 2001 and for all other purposes, the Company's Constitution be altered by re-inserting Rule 162 in the form set out in the Explanatory Statement accompanying the Notice of Meeting."

VOTING PROHIBITION AND EXCLUSION STATEMENTS

Corporations Act

The Corporations Act prohibits votes being cast (in any capacity) on the following resolutions by the following persons:

Resolution	Persons Excluded from Voting
Resolution 1 – Remuneration Report (non-binding)	<p>A vote on this Resolution must not be cast (in any capacity) by or on behalf of the following persons:</p> <ul style="list-style-type: none">(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 member. <p>However, a person 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:</p> <ul style="list-style-type: none">(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 of the meeting and the appointment of the chair as proxy:<ul style="list-style-type: none">(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 if this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

Listing Rule 14.11

Under Listing Rule 14.11, the Company will disregard any votes cast on the following Resolutions by the following persons:

Resolution	Persons Excluded from Voting
Resolution 3 – Approval of 10% Placement Facility	<p>The Company will disregard any votes cast on this Resolution by a person (and any associates of such person) who may participate in the proposed issue and a person (and any associates of such person) who might obtain a benefit if this Resolution is passed, except a benefit solely in the capacity of a holder of Shares.</p> <p>However, the Company need not disregard a vote if:</p> <ul style="list-style-type: none">(a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form; or(b) it is cast by the person chairing the Meeting as proxy for the person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

By Order of the Board.



PATRICIA FARR

Company Secretary

7 September 2015

EXPLANATORY STATEMENT

1. INTRODUCTION

This Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at the offices of Grant Thornton at Level 2, 10 Kings Park Road, West Perth, Western Australia on Thursday 29 October 2015 at 10.00am (WST). The purpose of this Explanatory Statement is to provide information to Shareholders in deciding how to vote on the Resolutions set out in the Notice.

This Explanatory Statement should be read in conjunction with and forms part of the accompanying Notice, and includes the following:

A Proxy Form is located at the end of the Explanatory Statement.

Please contact the Company Secretary on +61 8 9324 1061 if you wish to discuss any matter concerning the meeting.

2. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders should read the Notice and this Explanatory Statement carefully before deciding how to vote on the Resolutions.

2.1 Voting in person

A shareholder that is an individual may attend and vote in person at the meeting. If you wish to attend the meeting, please bring the enclosed proxy form to the meeting to assist in registering your attendance and number of votes. Please arrive 20 minutes prior to the start of the meeting to facilitate this registration process.

2.2 Voting by proxy

If you do not wish to attend the meeting, you may appoint a proxy to attend and vote on your behalf. A body corporate may also appoint a proxy. A proxy need not be a shareholder. If a representative of a corporate proxy is to attend the meeting, you must ensure that the appointment of the representative is in accordance with section 250D of the Corporations Act. The corporate representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed. A form of the certificate may be obtained from the Company's share registry.

You are entitled to appoint up to 2 proxies to attend the meeting and vote on your behalf and may specify the proportion or number of votes that each proxy is entitled to exercise. If you do not specify the proportion or number of votes that each proxy is entitled to exercise, each proxy may exercise half of the votes. If you wish to appoint a second proxy, an additional proxy form may be obtained by telephoning the Company's share registry or you may copy the enclosed proxy form. To appoint a second proxy, you must follow the instructions on the proxy form.

Sections 250BB and 250BC of the Corporations Act took effect on 1 August 2011 and apply to voting by proxy. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this meeting. Broadly, the changes 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 chairman of the meeting, who must vote the proxies as directed.

If the proxy has two or more appointments that specify different ways to vote on a resolution, the proxy must not vote on that resolution on a show of hands.

To be valid, your proxy form (and any power of attorney under which it is signed) must be received at an address given below by 10.00am WST on 27 October 2015. Any proxy form received after that time will not be valid for the scheduled meeting.

Online	At www.investorvote.com.au
By mail	Share Registry – Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria, 3001, Australia
By fax	1800 783 447 (within Australia) +61 3 9473 2555 (outside Australia)
By mobile	Scan the QR Code on your proxy form and follow the prompts
Custodian voting	For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions

2.3 Corporate representatives

Shareholders who are body corporate may appoint a person to act as their corporate representative at the Meeting by providing that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as the body corporate's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

An appointment of corporate representative form is available from the website of the Company's share registry (www.computershare.com.au).

2.4 Eligibility to vote

The Directors have determined that, pursuant to Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered holders of Shares at 5.00pm (WST) on 27 October 2015.

3. ANNUAL REPORT

The first item of the Notice of Meeting deals with the presentation of the 2015 Annual Report, including the Financial Report for the year ended 30 June 2015 together with the Directors' Declaration and Report in relation to that financial year and the Auditors' Report on the Company's financial statements. Shareholders should consider these documents and raise any matters of interest with the Directors when this item is being considered. The reports are available on the Company's website at www.musgraveminerals.com.au.

No resolution is required to be moved in respect of this item.

Shareholders will be given a reasonable opportunity at the Meeting to ask questions and make comments on the accounts and on the business, operations and management of the Company and ask the auditor questions about the conduct of the audit and the preparation and content of the auditor's report.

The Chairman will also provide Shareholders a reasonable opportunity to ask the Company's auditor questions relevant to:

- the conduct of the audit;
- the preparation and content of the independent audit report;
- the 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 Company's auditor about:

- the content of the Auditor's Report to be considered at the Meeting; and
- the conduct of the audit of the annual financial report to be considered at the Meeting, may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

4. REMUNERATION REPORT

In accordance with section 250R(2) of the Corporations Act the Company is required to present to its Shareholders the Remuneration Report as disclosed in the Company's 2015 Annual Report. Section 250R(3) of the Corporations Act expressly provides that the vote is advisory only and is not binding on the Directors or the Company. The Remuneration Report is set out in the Company's 2015 Annual Report, a copy of which is available on the Company's website (www.musgraveminerals.com.au).

The Remuneration Report sets out the Company's remuneration arrangements for Directors and senior management of the Company. The Remuneration Report is part of the Directors' Report contained in the Company's 2015 Annual Report.

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

The Board will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution that a further meeting is held at which all of the Company's Directors (other than the Managing Director) must go up for re-election.

5. RE-ELECTION OF DIRECTOR

5.1 Introduction

Resolution 2 seeks approval for the re-election of John Percival as a Director of the Company with effect from the end of the Meeting.

Mr Percival is required to retire pursuant to the rotation of Directors' rule in clause 6.1 of the Company's Constitution. That clause provides that at each Annual General Meeting one-third of the Directors (other than the Managing Director), or, if their number is not a multiple of three, then the nearest to but not more than one-third of the Directors must retire from office.

Mr Percival retires from office in accordance with this requirement and, being eligible, has offered himself for re-election as a Director of the Company.

5.2 Background

Details of this candidate are as follows:

Mr John Percival
Non-Executive Director
Age 71

Mr Percival has been involved in investment and merchant banking for over 25 years including 15 years as Investment Manager of Barclays Bank New Zealand Ltd. In addition he has extensive experience in stockbroking, corporate finance and investment management. In 1995 Mr Percival was appointed to the Board of Goldsearch Limited and since 2000 has been an Executive Director. In May 2014 Goldsearch changed direction and Mr Percival resigned his executive position. In May 2015 Mr Percival was appointed as a Non-Executive Director of Verde Science Inc. a Pharmaceutical Cannabinoid based research company listed in the USA.

Mr Percival was appointed a Director of Musgrave Minerals in May 2010 and is also a member of the Audit Committee.

5.3 Director's Recommendation

The Directors unanimously support the re-election of Mr John Percival as a Director of the Company (with Mr Percival abstaining).

6. APPROVAL OF 10% PLACEMENT FACILITY

6.1 General

ASX Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of their issued share capital through placements over a 12 month period following shareholder approval by way of special resolution after the Annual General Meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 6.2(c) below).

Resolution 3 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The Directors of the Company believe that Resolution 3 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

6.2 Description of Listing Rule 7.1A

a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company. The Company has one class of quoted Equity Securities, being fully paid ordinary Shares.

c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of Shares on issue 12 months before the date of issue or agreement:

- (i) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (ii) plus the number of partly paid shares that became fully paid in the 12 months;
- (iii) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- (iv) less the number of fully paid shares cancelled in the 12 months.

D is 10%;

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 121,000,000 fully paid ordinary Shares and therefore has a capacity to issue:

- (i) 18,150,000 Equity Securities under Listing Rule 7.1; and
- (ii) subject to Shareholder approval being obtained under Resolution 3, 12,100,000 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 6.2(c)).

e) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) The date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) If the Equity Securities are not issued within five Trading Days of the date referred to in section 6.2(e)(i), the date on which the Equity Securities are issued.

f) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) The date that is 12 months after the date of the annual general meeting at which the approval is obtained; and
- (ii) The date of the approval by shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX (**10% Placement Period**).

6.3 Listing Rule 7.1A

The effect of Resolution 3 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

6.4 Specific information required by Listing Rule 7.3A

In accordance with Listing Rule 7.3A, the following information is provided in relation to the approval of the 10% Placement Facility:

- a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

- b) If Resolution 3 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the table below. There is a risk of economic and voting dilution to existing Shareholders in approving the 10% Placement Facility, including the risks that:
 - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

- c) The below table shows the potential dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable “A” calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table shows:

- (i) two examples where variable “A” has increased, by 50% and 100%. Variable “A” is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders’ meeting; and
- (ii) two examples where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable “A” in formula in Listing Rule 7.1A.2		Issue Price		
		\$0.0115 50% decrease in issue price	\$0.023 issue price	\$0.046 100% increase in issue price
Current Variable “A” 121,000,000 Shares	10% voting dilution	12,100,000 Shares	12,100,000 Shares	12,100,000 Shares
	Funds raised	\$139,150	\$278,300	\$556,600
50% increase in current Variable “A” 181,500,000 Shares	10% voting dilution	18,150,000 Shares	18,150,000 Shares	18,150,000 Shares
	Funds raised	\$208,725	\$417,450	\$834,900
100% increase in current Variable “A” 242,000,000 Shares	10% voting dilution	24,200,000 Shares	24,200,000 Shares	24,200,000 Shares
	Funds raised	\$278,300	\$556,600	\$1,113,200

The table above has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- No Options are exercised into Shares before the date of the issue of the Equity Securities.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- The table shows only the effect of issue of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- The issue price is \$0.023 being the closing price of the Shares on ASX on 4 September 2015.

- d) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 3 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing rule 11.2 (disposal of main undertaking).

- e) The Company may seek to issue the Equity Securities for the following purposes:
- (i) Cash consideration. In such circumstances, the Company intends to use the funds raised towards further exploration of its existing portfolio of base metal and gold exploration projects including the Mamba project in the Fraser Range of Western Australia and on new project acquisition, exploration and development and general working capital.
 - (ii) Non-cash consideration for the acquisition of new resources, assets, investments or for the payment of goods or services provided to the Company. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottee's of Equity Securities will be determined on a case-by-case basis having regard, but not limited to, the following factors:

- (i) The methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) The effect of the issue of the Equity Securities on the control of the Company;
- (iii) The financial situation and solvency of the Company; and
- (iv) Advice from corporate, financial and broking advisors (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

- f) The Company previously obtained Shareholder approval under Listing Rule 7.1A at its 2014 Annual General Meeting. In the period from the date of its 2014 Annual General Meeting the Company has not issued shares pursuant to that Listing Rule 7.1A approval.

During the 12 month period from the date of the Company's 2014 Annual General Meeting up to the proposed date for the 2015 Annual General Meeting the Company has not issued securities of any kind.

- g) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion statement in the Notice.

Resolution 3 is a **special resolution**.

The Directors recommend that shareholders vote in favour of Resolution 3.

The Chair intends to vote undirected proxies in favour of Resolution 3.

7. ALTERATION TO CONSTITUTION - RE-INSERTION OF PARTIAL TAKEOVER PROVISIONS

7.1 Background

Pursuant to the Corporations Act, a company may include provisions in its constitution to enable it to refuse to register shares acquired under a proportional takeover bid unless a resolution approving the bid is passed by Shareholders.

The Company's Constitution contained Rule 162 which deals with proportional takeovers. A proportional takeover is a takeover bid where the offer made to each shareholder is only for a specified portion of that shareholders shares. The inclusion of this rule in the Constitution is intended to assist shareholders in receiving proper value for their shares in the circumstances of a proportional takeover. Broadly, it permits shareholders, in general meeting, to vote on any proportional takeover offer. If the resolution is rejected by shareholders, the offer is prevented from proceeding.

It is a requirement of the Corporations Act that these provisions in a company's constitution apply for a maximum period of three years, unless renewed earlier. In the case of the Company, the proportional takeover provisions (Rule 162 of the Company's Constitution) has not been approved by Shareholders since the Constitution was adopted and ceased to have effect three years from this date in accordance with its terms and the Corporations Act 2001.

Given that Rule 162 has expired and is not able to be renewed by Shareholders at the Meeting, a special resolution is being put to Shareholders under section 136(2) and 648G of the Corporations Act to re-insert a proportional takeover bid approval rule into the Company's Constitution. For a special resolution to pass, the resolution has to receive at least 75 percent of the votes cast by Shareholders on the resolution. If re-inserted, the provision will be in exactly the same form as the existing Rule 162, and is in the following terms:

Rule 162 – Partial Takeovers

162.1 In this rule 162:

- (a) **“proportional takeover scheme”** means a proportional takeover bid as defined in section 9 of the Act and regulated by section 648D of the Act;
- (b) **“relevant day”** in relation to a takeover scheme means the day that is the 14th day before the end of the period during which the offers under the takeover scheme remain open; and
- (c) a reference to **“a person associated with”** another person has the meaning given to that expression by Division 2 of Part 1.2 of the Act.

162.2 Where offers have been made under a proportional takeover scheme in respect of shares included in a class of shares in the Company:

- (a) other than where a transfer is effected in accordance with the takeover provisions (if any) under the ASTC Settlement Rules, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under the takeover scheme is prohibited unless and until a resolution (in this Rule 162 referred to as an **“approving resolution”**) to approve the takeover scheme is passed in accordance with this Rule 162;

- (b) a person (other than the offeror or a person associated with the offeror) who, as at the end of the day on which the first offer under the takeover scheme was made, held shares in that class is entitled to vote on an approving resolution and, for the purpose of so voting, is entitled to 1 vote for each of the shares;
- (c) an approving resolution must be voted on at a meeting, convened and conducted by the Company, of the persons entitled to vote on the resolution; and
- (d) an approving resolution that has been voted on, is taken to have been passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than 1/2, and otherwise is taken to have been rejected.

162.3 The provisions of these rules that apply in relation to a general meeting of the Company apply with any modifications the circumstances require, in relation to a meeting that is convened pursuant to this Rule 162 as if the last mentioned meeting were a general meeting of the Company.

162.4 Where takeover offers have been made under a proportional takeover scheme then the directors must ensure that a resolution to approve the takeover scheme is voted on in accordance with this Rule 162 before the relevant day in relation to the takeover scheme.

162.5 Where a resolution to approve a takeover scheme is voted on in accordance with this Rule 162, the Company must, on or before the relevant day in relation to the takeover scheme:

- (a) give to the offeror; and
- (b) serve on each notifiable securities exchange in relation to the Company;

a notice in writing stating that a resolution to approve the takeover scheme has been voted on and that the resolution has been passed, or has been rejected, as the case requires.

162.6 Where, at the end of the day before the relevant day in relation to a proportional takeover scheme under which offers have been made, no resolution to approve the takeover scheme has been voted on in accordance with this Rule 162, a resolution to approve the takeover scheme must, for the purposes of this Rule 162, be treated as having been passed in accordance with this Rule 162.

162.7 Where a resolution to approve a proportional takeover scheme is voted on in accordance with this Rule 162 before the relevant day in relation to the takeover scheme and is rejected, then:

- (a) despite section 652A of the Act, all offers under the takeover scheme that have not, as at the end of the relevant day, been accepted, and all offers under the takeover scheme that have been accepted and from whose acceptance binding contracts have not, at the end of the relevant day, resulted, must be treated as withdrawn at the end of the relevant day; and
- (b) a person who has accepted an offer made under the takeover scheme is entitled to rescind the contract (if any) resulting from that acceptance.

162.8 Nothing in this Rule 162 authorises the Company to interfere with any takeover transfer procedures contained in the ASTC Settlement Rules.

162.9 This Rule 162 ceases to have effect on the 3rd anniversary of the date of its adoption or of its most recent renewal.

If the re-insertion of Rule 162 is approved by Shareholders at the Meeting, the rule will operate for three years from the date of the Meeting, unless earlier renewed.

7.2 The operation of Rule 162

If a proportional takeover bid is made for the Company, the existence of the re-inserted Rule 162 would require a meeting to be convened for Shareholders to vote on a resolution to approve the proportional bid. If a meeting were called, it would be conducted in accordance with the provisions of the Company's Constitution governing general meetings. The vote is decided on a simple majority and each person (other than the bidder and their associates) who, as at the end of the day on which the first offer was made, held securities included in a class of shares of the Company is entitled to vote.

If the resolution is rejected, transfers giving effect to takeover contracts for the bid will not be registered and the offer will be taken to have been withdrawn.

If the resolution to approve the proportional takeover bid is approved, the transfers must be registered (providing they comply with the other provisions of the Corporations Act and the Company's Constitution).

The proportional takeover approval provisions do not apply to full takeover bids (that is, for all the shares in the Company).

7.3 Reasons for proposing the resolution

The Directors consider that Shareholders should have the opportunity to vote on any proportional takeover bid for the Company. Without the inclusion of the proportional takeover approval provisions, a proportional takeover bid for the Company may enable effective control of the Company to be acquired without Shareholders having the opportunity to dispose of all of their Shares to the bidder. Accordingly, Shareholders could be at risk of passing control to the bidder without payment of an adequate control premium for all their Shares whilst leaving themselves as part of a minority interest in the Company.

The partial takeover approval provisions deal with this possibility by providing that if a proportional takeover bid is made for Shares in the Company, Shareholders must vote on whether or not a proportional takeover bid should be permitted to proceed.

The benefit of the provisions is that Shareholders are able to decide collectively whether the proportional offer is acceptable in principle and it may ensure that any partial takeover offer is appropriately priced.

7.4 Present acquisition proposals

As at the date of this Notice of Meeting, no Director of the Company is aware of any current proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company or to announce a takeover offer for Shares in the Company.

7.5 Potential advantages and disadvantages

The Corporations Act requires this explanatory statement to discuss the potential advantages and disadvantages of the re-insertion of Rule 162 for both Directors and Shareholders.

Potential advantages and disadvantages for Directors

Renewal of the partial takeover approval provisions will enable the Directors to formally ascertain the views of Shareholders in respect of a proportional takeover bid. Without the provisions, the Directors are dependent upon their perception of the interests and views of Shareholders. Other than this advantage, the Directors consider that renewing the partial takeover provisions has no potential advantages or potential disadvantages for them as they remain free to make a recommendation on whether a proportional takeover offer should be accepted.

Potential advantages and disadvantages for Shareholders

The potential advantages for Shareholders of the partial takeover provisions include providing shareholders with the right to consider a partial takeover bid and decide collectively by majority vote at general meeting as to whether such a bid should be accepted and proceed. The provisions may also help Shareholders avoid being locked in as a minority with one majority Shareholder. In addition, increasing the bargaining power of Shareholders may ensure that any partial offer is adequately priced. Furthermore, knowing the view of other Shareholders assists each individual Shareholder in assessing the likely outcome of the partial takeover bid and whether to accept or reject that bid.

As to the possible disadvantages to Shareholders of re-inserting the partial takeover provisions, it may be argued that the proposal makes a proportional takeover bid more difficult and that such proportional takeover bids will therefore be discouraged. The chance of a proportional takeover bid being successful may be reduced. In turn, this may reduce the opportunities which Shareholders may have to sell all, or some, of their Shares at a premium to persons seeking control of the Company and may reduce any takeover speculation element in the Company's Share price.

7.6 Directors Recommendation

The Directors do not believe the above or any other possible disadvantages outweigh the potential advantages of re-inserting the partial takeover provisions for a further three years.

The Directors consider it is in the interests of the Company's Shareholders to have a partial takeover rule in the Constitution and Shareholders are asked to consider this resolution to re-insert the Rule 162 on identical terms.

Resolution 4 is a **special resolution**.

The Directors recommend that Shareholders vote in favour of Resolution 4.

The Chair intends to vote undirected proxies in favour of Resolution 4.

SCHEDULE 1 DEFINITIONS

In this Notice and Explanatory Statement:

ASX	means ASX Limited or the Australian Securities Exchange operated by ASX Limited, as the context requires.
Board	means the board of Directors.
Chairman	means the Chairman of the Company.
Closely Related Party of a member of the Key Management Personnel	means a spouse or child of the member, a child of the member's spouse, a dependent of the member or the member's spouse, 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; company the member controls; or a person prescribed by the Corporations Regulations 2001 (Cth).
Company	means Musgrave Minerals Limited ABN 12 143 890 671.
Constitution	means the constitution of the Company as amended.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth) as amended.
Director	means a director of the Company.
Equity Securities	has the same meaning given in the Listing Rules.
Explanatory Statement	means this explanatory statement.
Key Management Personnel	has the meaning given to that term in the Listing Rules.
Listing Rule	means the listing rules of the ASX.
Meeting or Annual General Meeting	means the meeting convened by this Notice (as adjourned from time to time).
Notice	means this notice of meeting.
Proxy Form	means the proxy form attached to this Notice.
Remuneration Report	means the remuneration report of the Company included in the Directors' Report section of the Company's 2015 Annual Report.
Resolution	means a resolution set out in the Notice.
Securities	means a Share or an Option.

Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a holder of a Share.
Trading Days	means a day determined by ASX to be a trading day in accordance with the Listing Rules.
VWAP	means volume weighted average price as defined in the Listing Rules.
WST	means Western Standard Time.
2015 Annual Report	the financial statements of the Company and the reports of the Directors and Auditors for the financial year ended 30 June 2015.

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Lodge your vote:

 **Online:**
www.investorvote.com.au

 **By Mail:**
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

┌ 000001 000 MGV
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form

XX



Vote and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999 PIN: 99999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



 **For your vote to be effective it must be received by 10:00am (WST) Tuesday, 27 October 2015**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, 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 Corporations Act 2001) 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. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** →

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

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I/We being a member/s of Musgrave Minerals Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman 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 to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Musgrave Minerals Limited to be held at in the Grant Thornton Boardroom, Level 2, 10 Kings Park Road, West Perth, Western Australia on Thursday, 29 October 2015 at 10:00am (WST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolution: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box in step 2 below.

STEP 2 Items of Business

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

		For	Against	Abstain
Resolution 1	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director – John Percival	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Alteration of Constitution - re-insertion of partial takeover provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date / / _____