



# **MAWSON WEST LIMITED**

ACN 072 595 576

## **NOTICE OF GENERAL MEETING AND EXPLANATORY MEMORANDUM TO SHAREHOLDERS**

**Date of Meeting**  
24 December 2009

**Time of Meeting**  
10:00 am (WST)

**Place of Meeting**  
20 Howard Street  
Perth WA 6000

**A Proxy Form is enclosed**

Please read this Notice and Explanatory Memorandum carefully.

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



# MAWSON WEST LIMITED

## ACN 072 595 576

### NOTICE OF GENERAL MEETING

Notice is hereby given that the General Meeting of Shareholders of Mawson West Limited ACN 072 595 576 ("Company") will be held at 10:00 am (WST) on 24 December 2009 at 20 Howard Street, Perth WA 6000 for the purpose of transacting the following business referred to in this Notice of General Meeting.

### AGENDA

#### ITEMS OF BUSINESS

##### 1. Resolution 1 - Issue of Shares to Pacific Road

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

*"That, pursuant to and in accordance with section 611 item 7 of the Corporations Act and for all other purposes, the Company approves:*

- (a) *the allotment and issue of 1,154,750 Shares at an issue price of US\$0.15 per Share to Pacific Road Capital A Pty Limited as trustee for Pacific Road Resources Fund A;*
- (b) *the allotment and issue of 1,154,750 Shares at an issue price of US\$0.15 per Share to Pacific Road Capital B Pty Limited as trustee for Pacific Road Resources Fund B; and*
- (c) *the allotment and issue of 9,319,406 Shares at US\$0.15 per Share to Pacific Road Holdings NV,*

*on the terms and conditions set out in the Explanatory Memorandum.*

No votes can be cast on Resolution 1 by Pacific Road Capital A Pty Limited as trustee for Pacific Road Resources Fund A, Pacific Road Capital B Pty Limited as trustee for Pacific Road Resources Fund B and Pacific Road Holdings NV and any of their respective associates.

##### 2. Resolution 2 - Election of Louis Rozman as a Director

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

*"That Louis Rozman, who ceases to hold office in accordance with clause 12.5 of the Company's Constitution and, being eligible, offers himself for election, be elected a Director of the Company."*

#### OTHER BUSINESS

To deal with any other business which may be brought forward in accordance with the Company's Constitution and the Corporations Act.

For the purposes of Resolutions 1 and 2, the following definitions apply:

**"Company"** means Mawson West Limited ACN 072 595 576;

**"Corporations Act"** means *Corporations Act 2001* (Cth);

**"Explanatory Memorandum"** means the explanatory memorandum accompanying this Notice;

**"Notice"** means this Notice of General Meeting;

**"Resolution"** means a resolution contained in this Notice;

**"Share"** means a fully paid ordinary share in the capital of the Company; and

**"Shareholder"** means a holder of Shares.

#### By order of the Board

Glenn Zamudio  
Company Secretary

Dated: 3 December 2009

## How to vote

Shareholders can vote by either:

- attending the meeting and voting in person or by attorney or, in the case of corporate Shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the proxy form accompanying this Notice of Meeting and by submitting their proxy appointment and voting instructions in person, by post, or by facsimile.

## Voting in person (or by attorney)

Shareholders, or their attorneys, who plan to attend the meeting are asked to arrive at the venue 15 minutes prior to the time designated for the meeting, if possible, so that their holding may be checked against the Company's share register and attendance recorded. Attorneys should bring with them an original or certified copy of the power of attorney under which they have been authorised to attend and vote at the meeting.

## Voting by a Corporation

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment, including any authority under which it is signed.

## Voting by proxy

- A Shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the meeting.
- The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes).
- A proxy need not be a Shareholder.
- The proxy can be either an individual or a body corporate.
- If a proxy is not directed how to vote on an item of business, the proxy may vote, or abstain from voting, as they think fit.
- Should any resolution, other than those specified in this Notice, be proposed at the meeting, a proxy may vote on that resolution as they think fit.

- If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the Shareholder's behalf on the poll and the shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
- Shareholders who return their proxy forms with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the meeting as their proxy to vote on their behalf. If a proxy form is returned but the nominated proxy does not attend the meeting, the Chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chairman of the meeting, the secretary or any Director that do not contain a direction how to vote will be used where possible to support the Resolutions proposed in this Notice.
- To be effective, proxies must be lodged by 10:00am (WST) on 22 December 2009. Proxies lodged after this time will be invalid.
- Proxies may be lodged using any of the following methods:
  - by returning a completed proxy form in person or by post to:  
Mezzanine Level  
20 Howard Street  
PERTH WA 6000; or
  - by faxing a completed proxy form to +61 8 9481 2394.

The proxy form must be signed by the Shareholder or the Shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the power of attorney, or the power itself, must be received by the Company at the above address, or by facsimile, and by 10:00 am (WST) on 22 December 2009. If facsimile transmission is used, the power of attorney must be certified.

## Shareholders who are entitled to vote

The Board has determined that a person's entitlement to vote at the General Meeting will be the entitlement of that person set out in the Register of Shareholders as at 10:00 am (WST) on 22 December 2009.

**PROXY FORM**  
**MAWSON WEST LIMITED**  
**ACN 072 595 576**

**Appointment of Proxy**

If appointing a proxy to attend the General Meeting on your behalf, please complete the form and submit it in accordance with the directions on the reverse of the page.

I/We \_\_\_\_\_ of \_\_\_\_\_ being a shareholder/shareholders of Mawson West Limited pursuant to my/our right to appoint not more than two proxies, 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.

Write here the name of the person you are appointing as a second proxy (if any).

or failing him/her, (if no proxy is specified above), the Chairman of the meeting, as my/our proxy to vote for me/us and on my/our behalf at the General Meeting to be held at 10:00am (WST) on 24 December 2009 at 20 Howard Street, Perth WA 6000 and at any adjournment of that meeting.

This proxy is to be used in respect of \_\_\_\_\_% of the ordinary shares I/we hold.

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

RESOLUTION	For	Against	Abstain *
1. Issue of Shares to Pacific Road	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Election of Louis Rozman as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\*If you mark the Abstain box for a particular item, 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.

**PLEASE SIGN HERE**

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.  
*Executed in accordance with section 127 of the Corporations Act:*

**Individual or Shareholder 1**

**Sole Director & Sole Company Secretary**

**Joint Shareholder 2**

**Director**

**Joint Shareholder 3**

**Director/ Company Secretary**

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2009

\_\_\_\_\_  
**Contact Name**

\_\_\_\_\_  
**Contact Business Telephone / Mobile**

## INSTRUCTIONS FOR COMPLETING PROXY FORM

1. Completion of a proxy form will not prevent individual Shareholders from attending the General Meeting in person if they wish. Where a Shareholder completes and lodges a valid proxy form and attend the General Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the General Meeting.
2. A Shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes.
3. A proxy need not be a Shareholder of the Company.
4. If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.
5. Should any resolution, other than those specified in this Notice, be proposed at the meeting, a proxy may vote on that resolution as they think fit.
6. If a representative of a company Shareholder is to attend the Meeting, a properly executed original (or certified copy) of evidence of appointment. The appointment must comply with section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment to including any authority under which it is signed.
7. If a representative as power of attorney of a Shareholder is to attend the meeting, a properly executed original (or certified copy) of the appropriate power of attorney under which they have been authorised should be produced for admission to the General Meeting.

### 8. **Signing Instructions**

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

- Individual:** Where the holding is in one name, the holder must sign.
- Joint Holding:** Where the holding is in more than one name, all of the Shareholders should sign.
- Power of Attorney:** If you are signing under a Power of Attorney, you must lodge an original or certified photocopy of the appropriate Power of Attorney with your completed Proxy Form.
- 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 indicate the office held by signing in the appropriate place.

### 9. **Lodgement of a Proxy**

This Proxy Form (and any power of attorney under which it is signed) must be received at the address below not later than 10:00 am (WST) on 22 December 2009 (48 hours before the commencement of the Meeting).

Any Proxy Form received after that time will not be valid for the scheduled Meeting.

**Hand and postal deliveries:** Mezzanine Level  
20 Howard Street  
PERTH WA 6000

**Fax number:** +61 8 9481 2394

# MAWSON WEST LIMITED

## ACN 072 595 576

### EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of General Meeting of Mawson West Limited (the "**Company**").

Certain abbreviations and other defined terms are used throughout this Explanatory Memorandum. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations are set out in the Glossary to the Explanatory Memorandum.

An Independent Expert's Report prepared by Stantons International Pty Ltd (trading as Stantons International Securities) (a copy of which is attached to this Explanatory Memorandum) comments on whether the transactions the subject of Resolution 1 are fair and reasonable to the non-associated Shareholders.

Shareholders should note that the Independent Expert has concluded that the transactions the subject of Resolution 1 are fair and reasonable to the non-associated Shareholders.

The Directors recommend Shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

#### 1. INTRODUCTION AND BACKGROUND TO THE TRANSACTION

On 30 October 2009, the Company, Pacific Road Capital A Pty Limited as trustee for Pacific Resources Fund A ("**Fund A**"), Pacific Road Capital B Pty Limited as trustee for Pacific Resources Fund B ("**Fund B**") and Pacific Road Holdings NV ("**Belco**") entered into a share subscription agreement ("**Subscription Agreement**").

The funds raised are to be used to fund a 43-101 resources report for the Kapulo Project, fund the completion of a definitive feasibility study in relation to the Kapulo Project, any other work in connection with the Kapulo Project in the nature of exploitation and further resource delineation as approved by the Board and other Board approved working capital purposes.

Further details of the Company's corporate history and Kapulo Project are set out in the Independent Expert's Report prepared by Stantons International Pty Ltd (trading as Stantons International Securities).

The Company agreed to issue to each of Fund A, Fund B and Belco (each a "**Subscriber**") Shares, and each Subscriber agreed to subscribe for Shares, on the terms of the Subscription Agreement.

The Shares were or are to be issued in various tranches as follows:

- (a) Phase 1 Tranche 1 - a total of 9,990,000 Shares at an issue price of US\$0.15 per Share ("**Phase 1 Tranche 1 Shares**");
- (b) Phase 1 Tranche 2 - a total of 3,343,333 Shares at an issue price of US\$0.15 per Share ("**Phase 1 Tranche 2 Shares**");

- (c) Phase 1 Tranche 3 – a total of 25,037,761 Shares at an issue price of US\$0.15 per Share ("**Phase 1 Tranche 3 Shares**");
- (d) Phase 1 Tranche 4 – a total of 11,628,906 Shares at US\$0.15 per Share ("**Phase 1 Tranche 4 Shares**"), which Shares are the subject of Resolution 1; and
- (e) Phase 2 – Shares to the value of up to US\$15,000,000 ("**Phase 2 Shares**") on such terms yet to be determined, negotiated in good faith and on a reasonable endeavours basis.

*Phase 1 Tranche 1 Shares*

The Phase 1 Tranche 1 Shares were issued to the Subscribers on 3 November 2009.

*Phase 1 Tranche 2 Shares*

The Phase 1 Tranche 2 Shares were issued to the Subscribers on 16 November 2009.

*Phase 1 Tranche 3 Shares*

The subscription of the Phase 1 Tranche 3 Shares has certain conditions attached that include certain registration conditions with the Ministry of Mining of the Democratic Republic of Congo ("**Phase 1 Tranche 3 Conditions**").

The Company must use all reasonable endeavours to ensure the Phase 1 Tranche 3 Conditions are satisfied as soon as practicable and in any event before 28 February 2010. The Subscribers may terminate the Subscription Agreement if a Phase 1 Tranche 3 Condition has become incapable of satisfaction, has not been satisfied before 28 February 2010, or has been satisfied before 28 February 2010 but ceases to be satisfied before that date.

*Phase 1 Tranche 4 Shares*

The subscription of the Phase 1 Tranche 4 Shares is conditional on:

- (a) Shareholders passing an ordinary resolution approving the issue of, and the acquisition of a relevant interest in, the Phase 1 Tranche 4 Shares by all persons who may acquire such a relevant interest in connection with transactions contemplated by the Subscription Agreement for the purposes of and in accordance with section 611, item 7 of the Corporations Act;
- (b) any other approval required by law, a governmental agency, ASIC or of the Shareholders in order to implement the issue of the Phase 1 Tranche 4 Shares and such approvals not being revoked or withdrawn;
- (c) none of the following being in effect or having been issued or made (and not withdrawn) between the date of the Subscription Agreement and completion of the subscription of the Phase 1 Tranche 4 Shares:
  - (i) a conditional or unconditional decision, determination or written statement by any governmental agency to the effect that it objects to the issue of the Phase 1 Tranche 4 Shares, and that decision, determination or statement would have the effect or likely effect of materially impeding the implementation of the issue of the Phase 1 Tranche 4 Shares;
  - (ii) a preliminary or final decision, determination, or order issued by any governmental agency preventing the issue of the Phase 1 Tranche 4 Shares; or

- (iii) a temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or the Takeovers Panel or other legal restraint or prohibition preventing the issue of the Phase 1 Tranche 4 Shares;
- (d) on or before 30 November 2009:
  - (i) the Board unanimously recommending that Shareholders support the Resolution and including a recommendation to that effect in the Notice;
  - (ii) the Independent Expert Report concluding that the proposed issue of the Phase 1 Tranche 4 Shares pursuant to the Subscription Agreement is "fair and reasonable" in the context of the interests of the Shareholders; and
  - (iii) the Notice having been sent to the Shareholders and containing the recommendation and the Independent Expert Report; and
- (e) the Board having not changed or withdrawn its recommendation that Shareholders support the Resolution or making any public statement which is inconsistent with its recommendation and no Director having made any public statement in support of any transactions which is inconsistent with the transactions contemplated by the Subscription Agreement or the Resolution being approved by Shareholders at this Meeting,

(together the "**Phase 1 Tranche 4 Conditions**").

Each Subscriber and the Company must use all reasonable endeavours to ensure that all of the Phase 1 Tranche 4 Conditions are satisfied as soon as practicable after the date of the Subscription Agreement and in any event before 28 February 2010. The Subscribers may terminate the Subscription Agreement if a Phase 1 Tranche 4 Condition has become incapable of satisfaction, has not been satisfied before 28 February 2010, or has been satisfied before 28 February 2010 but ceases to be satisfied before that date.

### ***Phase 2 Shares***

Under the Subscription Agreement, the Subscribers have, until 30 June 2011, the first right to invest up to US\$15,000,000 ("**Phase 2 Investment**") of any additional funds required by the Company for use in connection with the Kapulo Project. The Phase 2 Investment is conditional on the Company obtaining Shareholder approval for the issue of any Phase 2 Shares in accordance with section 611, item 7 of the Corporations Act and other conditions similar to the Phase 1 Tranche 4 Conditions.

## **2. PACIFIC ROAD - FUND A, FUND B AND BELCO**

Pacific Road is a private equity investment manager that manages and advises the Pacific Road funds which invest in the global mining industry. They provide expansion and buyout capital for mining projects, mining-related infrastructure and mining services businesses located throughout resource rich regions of the world. The Pacific Road team, located in Sydney, Australia and San Francisco, USA, is comprised of experienced investment professionals that have extensive knowledge and experience in the mining, energy and infrastructure sectors, including considerable operating, project development, transactional and investment banking experience.

Pacific Road Capital A Pty Limited is a company incorporated in Australia and acts as trustee for Pacific Road Resources Fund A.

Pacific Road Capital B Pty Limited is a company incorporated in Australia and acts as trustee for Pacific Road Resources Fund B.

Belco is a company incorporated in Belgium.

Fund A, Fund B and Belco are associates because the 3 companies are acting in concert in relation to the affairs of the Company.

Fund A, Fund B and Belco are Shareholders as a result of the issue to them of the Phase 1 Tranche 1 Shares and the Phase 1 Tranche 2 Shares.

As Fund A, Fund B and Belco are associates, their relevant interests in the Company will be aggregated for the purposes of the section 611 item 7 analysis and for the purposes of Resolution 1.

### 3. CAPITAL STRUCTURE OF THE COMPANY

As at the date of this Notice, the Company's issued capital and the securities held by each Subscriber in the Company are as follows:

*Table 1*

<b>Shareholder</b>	<b>Shares</b>	<b>Options</b>
Fund A	1,324,000 <sup>(1)</sup>	Nil
Fund B	1,324,000 <sup>(2)</sup>	Nil
Belco	10,685,333 <sup>(3)</sup>	Nil
Others	161,950,061	2,500,000 options exercisable at 30 cents each on or before 30 November 2009. No notice of exercise of these options has been received by the Company to date.  1,850,000 options exercisable at 20 cents each on or before 22 August 2011  7,500,000 options exercisable at 30 cents each on or before 22 August 2011  4,850,000 options exercisable at 20 cents each on or before 22 August 2013
<b>Total</b>	<b>175,283,394</b>	<b>16,700,000</b>

Note:

- (1) This comprises 992,007 Phase 1 Tranche 1 Shares and 331,993 Phase 1 Tranche 2 Shares subscribed by Fund A.  
(2) This comprises 992,007 Phase 1 Tranche 1 Shares and 331,993 Phase 1 Tranche 2 Shares subscribed by Fund B.  
(3) This comprises 8,005,986 Phase 1 Tranche 1 Shares and 2,679,347 Phase 1 Tranche 2 Shares subscribed by Belco.

The following table sets out the current voting power of the Subscribers in the Company, their resultant voting power and the increase in their voting power if the Phase 1 Tranche 3 Shares are issued and if Shareholders approve the allotment and issue of the Phase 1 Tranche 4 Shares (and the Phase 1 Tranche 4 Shares are issued) to the Subscribers under Resolution 1.

**Table 2**

	<b>Shares</b>
<i>As at the date of this Notice</i>	
Total Number of Shares held by the Subscribers	13,333,333
<b>Voting Power</b>	7.61%
Total issued Shares	175,283,394
<i>Following the subscription of the Phase 1 Tranche 3 Shares</i>	
Number of Shares held by the Subscribers	38,371,094
<b>Voting Power</b>	19.15%
Total issued Shares*	200,321,155
<i>Following the subscription of the Phase 1 Tranche 4 Shares</i>	
Number of Shares held by the Subscribers	50,000,000
<b>Voting Power</b>	23.59%
Total issued Shares*	211,950,061

*\*Note: this assumes that no other Shares are issued between the date of this Notice and the completion of the subscription of the Phase 1 Tranche 3 Shares and the Phase 1 Tranche 4 Shares.*

Further details of the relevant interests of the Subscribers in the voting power of the Company are set out in the Independent Expert's Report prepared by Stantons International Pty Ltd (trading as Stantons International Securities).

#### **4. RESOLUTION 1 - ISSUE OF SHARES TO PACIFIC ROAD**

Resolution 1 seeks Shareholder approval, pursuant to and in accordance with section 611 item 7 of the Corporations Act and for all other purposes, for:

- (a) the allotment and issue of 1,154,750 Shares at an issue price of US\$0.15 per Share to Fund A;
- (b) the allotment and issue of 1,154,750 Shares at an issue price of US\$0.15 per Share to Fund B; and
- (c) the allotment and issue of 9,319,406 Shares at an issue price of US\$0.15 per Share to Belco.

#### **Section 611 item 7 of the Corporations Act**

Section 606 of the Corporations Act prohibits a person acquiring a relevant interest in issued voting shares in a company if, as a result of the acquisition, that person's or someone else's voting power in the company increases from less than 20% to more than 20%, or from a starting point that is above 20% and below 90%.

The voting power of a person in a body corporate is determined under section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

A person has a relevant interest in securities if they:

- (a) are the holder of the securities; or

- (b) have power to exercise, or control the exercise of, a right to vote attached to securities;  
or
- (c) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

A person is an "associate" of another person if, amongst other things, they have entered into an agreement, arrangement or understanding for the purpose of controlling or influencing the composition of a company's board of directors or the conduct of affairs of such company.

There are various exceptions to the prohibition in section 606, including under section 611 item 7 of the Corporations Act. Section 611 item 7 provides an exception to the prohibition in section 606, in circumstances where the shareholders of the company approve an acquisition of shares by virtue of an allotment or acquisition at a meeting at which no votes are cast by parties involved in the proposed acquisition, including their associates.

#### ***Acquisition of a Relevant Interest***

Under section 606(2) of the Corporations Act, a person is prohibited from acquiring a legal or equitable interest in securities of a company if, because of that acquisition:

- (a) another person acquires a relevant interest in issued voting shares of the company;  
and
- (b) someone's voting power in the company increases from less than 20% to more than 20%, or from a starting point that is above 20% and below 90%.

Under section 608(3) of the Corporations Act, a person is deemed to have a relevant interest in any securities that a body corporate which the person controls or in which the person's voting power is above 20% has a relevant interest.

#### ***ASIC Regulatory Guide 74***

The following paragraphs set out information required to be provided to Shareholders under ASIC Regulatory Guide 74. Shareholders are also referred to the Independent Expert's Report prepared by Stantons International Pty Ltd (trading as Stantons International Securities) accompanying this Explanatory Memorandum.

#### ***Identity of persons who will hold a relevant interest in the Shares to be allotted***

The 1,154,750 Shares the subject of paragraph (a) of Resolution 1 will be held by Fund A.

The 1,154,750 Shares the subject of paragraph (b) of Resolution 1 will be held by Fund B.

The 9,319,406 Shares the subject of paragraph (c) of Resolution 1 will be held by Belco.

As the Subscribers are associates, their relevant interests in the Company will be aggregated for the purposes of the section 611 item 7 analysis.

Information regarding each Subscriber and their businesses is set out above under Section 2 of this Explanatory Memorandum.

***Shares to which the allottees will be entitled immediately before and after the allotment***

Table 2 in Section 3 sets out the present relevant interest in Shares and voting power in the Company held by the Subscribers and the percentage of voting power they will obtain, in the event that Phase 1 Tranche 3 Shares are issued and, subject to the approval of Resolution 1 by Shareholders, the issue of the Phase 1 Tranche 4 Shares.

***The identity, associations and qualifications of proposed directors***

Under the Subscription Agreement, the Subscribers have the right to nominate at least one nominee director, for so long as the Subscribers hold not less than 37,500,000 Shares, being 75% of the aggregate number of Phase 1 Tranche 1 Shares, Phase 1 Tranche 2 Shares, Phase 1 Tranche 3 Shares and Phase 1 Tranche 4 Shares.

As at the date of this Notice, the Subscribers hold in aggregate 13,333,333 Shares and accordingly, are not entitled to appoint a representative to the Board.

Notwithstanding the Subscribers are not entitled to appoint a representative to the Board, on 30 November 2009, the Board appointed Mr Louis Rozman, the Subscribers' nominee, to the Board.

Mr Rozman is one of three partners that established Pacific Road Capital Management Pty Ltd, the manager and adviser to the Pacific Road Resources Fund. Mr Rozman holds degrees in mining engineering (Bachelor of Engineering, University of Sydney) and mineral economics (Master of Geoscience, Macquarie University) and has 25 years' experience in mining operations, joint ventures and corporate management in Australasia and Africa. Previously, Mr Rozman was managing director/chief executive officer of ASX listed CH4 Gas Limited, chief operating officer of ASX listed Delta Gold Ltd and Aurion Gold Ltd and mine general manager, construction manager and mining engineer with various companies.

Mr Rozman has worked on the JORC and chartered professional committees of the Australasian Institute of Mining and Metallurgy (AusIMM) where he is a fellow and chairman of the Sydney branch.

Mr Rozman's election to the Board is the subject of Resolution 2.

***Future intentions of acquirers for the Company***

The Subscribers currently have no intentions to:

- (a) change the Company's current ongoing business and operations;
- (b) inject further capital into the Company, other than potentially subscribing for Phase 2 Shares under the Subscription Agreement;
- (c) change the current or future employment of the current employees of the Company;
- (d) transfer any property between the Company and each of the Subscribers or any person associated with any of them; or
- (e) redeploy the fixed assets of the Company.

***Particulars of the terms of the proposed allotment and any contract or proposed contract between the allottee and the Company or any of their associates which is conditional upon, or directly or indirectly dependent on, Shareholders' agreement to the allotment***

The Phase 1 Tranche 4 Shares (the subject of Resolution 1) to be issued to the Subscribers will rank equally with the existing Shares.

The subscription of the Phase 1 Tranche 4 Shares (and, in due course, the Phase 2 Shares) under the Subscription Agreement is conditional on Shareholders approving the issue of such Shares in accordance with section 611, item 7 of the Corporations Act.

There are no other contracts or proposed contracts between each Subscriber and the Company or any of their associates which are conditional on, or directly or indirectly dependent on, Shareholders' agreement to the allotment of the Phase 1 Tranche 4 Shares.

***When the allotment is to be completed***

Subject to the satisfaction of the conditions precedent to the subscription of the Phase 1 Tranche 4 Shares, the Phase 1 Tranche 4 Shares are required to be allotted and issued before 28 February 2010, pursuant to the Subscription Agreement.

***An explanation of the reasons for any proposed allotment***

The Phase 1 Tranche 4 Shares will be allotted and issued to the Subscribers to raise funds in the amount of US\$1,744,335.90 for the Company. Unless otherwise agreed between the Subscribers and the Company, the Subscription Agreement requires all subscription monies raised pursuant to the Subscription Agreement to be used as follows:

- (a) funding a 43-101 resource report for the Kapulo Project;
- (b) funding the completion of a definitive feasibility study in relation to the Kapulo Project ;
- (c) submission of application for exploitation licence to the MOM;
- (d) any other work in connection with the Kapulo Project in the nature of exploitation and further resource delineation as approved by the Board; and
- (e) other Board approved working capital purposes.

***The interests of the Directors in Resolution 1***

The current members of the Board are Mr Mark Stowell (Non-Executive Chairman), Mr Anthony Lloyd (Non-Executive Deputy Chairman) Mr, David Frances (Managing Director) Mr Jonathan Asquith (Non-Executive Director) and Mr Glenn Zamudio (Executive Director).

All current Directors are independent Directors for the purposes of Resolution 1 as they do not have a material personal interest in the outcome of that Resolution ("**Independent Directors**").

***Identity of the Directors who approved or voted against the proposal to put Resolution 1 to Shareholders and the explanatory memorandum to the Notice***

The Independent Directors approved the proposal to put Resolution 1 to Shareholders.

***Recommendations of Directors as to whether non-associated Shareholders should agree to the allotment and the reasons for the recommendation***

The Independent Directors recommend that Shareholders vote in favour of Resolution 1 because:

- the Independent Expert has opined the transactions the subject of Resolution 1 ("**Transactions**") are fair and reasonable to the non-associated Shareholders;

- as major Shareholders after completion of the Transactions, the Subscribers will have greater incentive to work towards the future success of the Company;
- the Share allotment to the Subscribers will result in a strengthening of the Company's capital and resources base;
- the allotment of the Phase 1 Tranche 4 Shares will provide further working capital to the Company which is needed to enable the Company to apply the subscription monies to the uses described under the heading "An explanation of the reasons for any proposed allotment" in this Section.

*Intentions regarding the financial or dividend policies of the Company*

The Subscribers and their associates currently have no intention to change the Company's existing policies in relation to financial matters or dividends in the immediate future, until such time as the Directors may consider it appropriate to reconsider the financial or dividend policies of the Company.

The Company does not currently have any dividend policies in place.

*Analysis of whether the proposed transactions the subject of Resolution 1 are fair and reasonable when considered in the context of the interests of the Shareholders other than the Subscribers and their associates*

The Directors have commissioned the Independent Expert to prepare a report on the question of whether the proposed transactions the subject of Resolution 1 are fair and reasonable to Shareholders not associated with the Subscribers. That report is attached to Annexure A to this Explanatory Memorandum. Shareholders are urged to read the Independent Expert's Report.

The Independent Expert concludes the transactions the subject of Resolution 1 are fair and reasonable to the non-associated Shareholders.

**5. RESOLUTION 2 - ELECTION OF LOUIS ROZMAN AS A DIRECTOR**

Resolution 2 seeks approval for the election of Louis Rozman as a Director with effect from the end of the Meeting.

Clause 12.5 of the Company's Constitution provides that the Directors may at any time appoint a person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but so that the total number of Directors does not at any time exceed the maximum number specified by the Company's Constitution. Any Director so appointed holds office only until the next following general meeting and is then eligible for election but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Mr Rozman was appointed to the Board on 30 November 2009. He retires from office in accordance with the requirements of clause 12.5 of the Constitution and submits himself for election in accordance with clause 12.5.

Further details about Mr Rozman's qualifications and experience are contained in paragraph 4 of this Explanatory Memorandum under the heading "The identity, associations and qualifications of proposed directors".

## GLOSSARY

"**ASIC**" means Australian Securities and Investments Commission;

"**Board**" means the board of Directors.

"**Company**" means Mawson West Limited ACN 072 595 576.

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

"**Director**" means a director of the Company.

"**Independent Expert**" means Stantons International Pty Ltd (trading as Stantons International Securities) ABN 41 103 088 697.

"**Independent Expert Report**" means the report prepared by the Independent Expert and annexed as Annexure A to this Explanatory memorandum.

"**Meeting**" or "**General Meeting**" means the general meeting the subject of the Notice.

"**Notice**" means the notice of general meeting which accompanies this Explanatory Memorandum.

"**Resolution**" means a resolution proposed pursuant to the Notice.

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

"**Shareholder**" means a holder of Shares.

"**Subscribers**" means Pacific Road Capital A Pty Limited as trustee for Pacific Road Resources Fund A, Pacific Road Capital B Pty Limited as trustee for Pacific Road Resources Fund B and Pacific Road Holdings NV.

3 December 2009

The Directors  
Mawson West Limited  
Level 1  
20 Howard Street  
PERTH WA 6000

Dear Sirs

**RE: MAWSON WEST LIMITED ("MAWSON WEST" OR "THE COMPANY") (ACN 072 595 576) ON THE PROPOSALS THAT SHAREHOLDERS APPROVE THE ISSUE OF 11,628,906 SHARES AT US\$0.15 EACH TO THE PACIFIC ROAD GROUP OF COMPANIES AS NOTED BELOW TO RAISE US\$1,744,336. MEETING PURSUANT TO SECTION 611 (ITEM 7) OF THE CORPORATIONS ACT 2001 ("TCA").**

## 1. Introduction

- 1.1 We have been requested by the Directors of Mawson West to prepare an Independent Expert's Report to determine the fairness and reasonableness relating to the proposal to issue a total of 11,628,906 ordinary shares in Mawson West at an issue price of US\$0.15 each to raise a gross US\$1,744,336 to three investors that are deemed associated with each other and have been described as the Pacific Road Group. Resolution 1 in the Notice of Meeting ("Notice") and the Explanatory Memorandum attached to the Notice refers to further details, including the association between the companies and Funds noted in paragraph 1.2 below. The proposed issue of 11,628,906 shares to the Pacific Road Group of companies is known for the purposes of this report as the Placement.
- 1.2 On 31 October 2009, the Company, Pacific Road Capital A Pty Limited as trustee for Pacific Resources Fund A ("Fund A"), Pacific Road Capital B Pty Limited as trustee for Pacific Resources Fund B ("Fund B") and Pacific Road Holdings NV ("Belco") (collectively known for the purposes of this report as the "Pacific Road Group" or "the Subscribers") entered into a share subscription agreement ("Subscription Agreement").

The Company agreed to issue to each of Fund A, Fund B and Belco (each a "Subscriber") Shares, and each Subscriber agreed to subscribe for Shares, on the terms of the Subscription Agreement.

The Shares were or are to be issued in various tranches as follows:

- (a) Phase 1 Tranche 1 – a total of 9,990,000 Shares at an issue price of US\$0.15 per Share ("Phase 1 Tranche 1 Shares");

- (b) Phase 1 Tranche 2 – a total of 3,343,333 Shares at an issue price of US\$0.15 per Share ("Phase 1 Tranche 2 Shares");
- (c) Phase 1 Tranche 3 – a total of 25,037,761 Shares at an issue price of US\$0.15 per Share ("Phase 1 Tranche 3 Shares"); and
- (d) Phase 1 Tranche 4 – a total of 11,628,906 Shares at US\$0.15 per Share ("Phase 1 Tranche 4 Shares"), which Shares are the subject of Resolution 1; and
- (e) Phase 2 – Shares to the value of up to US\$15,000,000 ("Phase 2 Shares") on such terms yet to be determined, negotiated in good faith and on a reasonable endeavours basis. The Phase 2 Investment is conditional on the Company obtaining Shareholder approval for the issue of any Phase 2 Shares in accordance with section 611 (item 7) of the TCA and other conditions similar to the Phase 1 Tranche 4 Conditions. Our report does not conclude on the potential to issue the Phase 2 Shares.

### **Phase 1 Tranche 1 and 2 Shares**

The Phase 1 Tranche 1 Shares were issued to the Subscribers on 3 November 2009. The Phase 1 Tranche 2 Shares were issued to the Subscribers on 11 November 2009. The issue of the Phase 1 Tranche 1 and 2 Shares results in the Pacific Road Group obtaining an approximate 7.61% shareholding interest in Mawson West as at 20 November 2009.

### **Phase 1 Tranche 3 Shares**

The subscription of the Phase 1 Tranche 3 Shares has certain conditions attached that include certain registration conditions with the Ministry of Mines in the Congo. The Company must use all reasonable endeavours to ensure the Phase 1 Tranche 3 conditions are satisfied as soon as practicable and in any event before 28 February 2010. The Subscribers may terminate the Subscription Agreement if a Phase 1 Tranche 3 condition has become incapable of satisfaction, has not been satisfied before 28 February 2010, or has been satisfied before 28 February 2010 but ceases to be satisfied before that date.

### **Phase 1 Tranche 4 Shares**

The subscription of the Phase 1 Tranche 4 Shares is conditional on:

- (a) Shareholders passing an ordinary resolution approving the issue of, and the acquisition of a relevant interest in, the Phase 1 Tranche 4 Shares by all persons who may acquire such a relevant interest in connection with transactions contemplated by the Subscription Agreement for the purposes of and in accordance with section 611 (item 7) of the Corporations Act;
- (b) any other approval required by law, a governmental agency, ASIC or of the Shareholders in order to implement the issue of the Phase 1 Tranche 4 Shares and such approvals not being revoked or withdrawn;
- (c) none of the following being in effect or having been issued or made (and not withdrawn) between the date of the Subscription Agreement and completion of the subscription of the Phase 1 Tranche 4 Shares:

- (i) a conditional or unconditional decision, determination or written statement by any governmental agency to the effect that it objects to the issue of the Phase 1 Tranche 4 Shares, and that decision, determination or statement would have the effect or likely effect of materially impeding the implementation of the issue of the Phase 1 Tranche 4 Shares;
  - (ii) a preliminary or final decision, determination, or order issued by any governmental agency preventing the issue of the Phase 1 Tranche 4 Shares; or
  - (iii) a temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or the Takeovers Panel or other legal restraint or prohibition preventing the issue of the Phase 1 Tranche 4 Shares;
- (d) on or before 30 November 2009:
- (i) the Board unanimously recommending that Shareholders support the Resolution and including a recommendation to that effect in the Notice;
  - (ii) the Independent Expert Report concluding that the proposed issue of the Phase 1 Tranche 4 Shares pursuant to the Subscription Agreement is "fair and reasonable" in the context of the interests of the Shareholders; and
  - (iii) the Notice having been sent to the Shareholders and containing the recommendation and the Independent Expert Report; and
- (e) the Board having not changed or withdrawn its recommendation that Shareholders support the Resolution or making any public statement which is inconsistent with its recommendation and no Director having made any public statement in support of any transactions which is inconsistent with the transactions contemplated by the Subscription Agreement or the Resolution being approved by Shareholders at this Meeting,

(together the "Phase 1 Tranche 4 Conditions").

Each Subscriber and the Company must use all reasonable endeavours to ensure that all of the Phase 1 Tranche 4 Conditions are satisfied as soon as practicable after the date of the Subscription Agreement and in any event before 28 February 2010. The Subscribers may terminate the Subscription Agreement if a Phase 1 Tranche 4 Condition has become incapable of satisfaction, has not been satisfied before 28 February 2010, or has been satisfied before 28 February 2010 but ceases to be satisfied before that date.

1.3 Under Section 606 of TCA, a person must not acquire a relevant interest in issued voting shares in a company if because of the transaction, that persons or someone else's voting power in the company increases:

- (a) From 20% or below to more than 20%; or
- (b) From a starting point that is above 20% and below 90%.

Under Section 611 (Item 7) of TCA, Section 606 does not apply in relation to any acquisition of shares in a company approved by resolution passed at a general

meeting at which no votes were cast in favour of the resolution by the acquirer or the disposer or their respective associates. An independent expert is required to report on the fairness and reasonableness of the transaction pursuant to a Section 611 (Item 7) meeting.

- 1.4 The Phase 1 Tranche 1 and 2 Shares have been issued and thus the Pacific Road Group own approximately 7.61% of the shares on issue in Mawson West as at 20 November 2009. Following completion of the issue of the 25,037,761 Phase 1 Tranche 3 Shares, the Pacific Road Group would own 38,371,094 Shares in Mawson West representing approximately 19.15% of the then shares on issue (assuming no other share issues). After the placement of the 11,628,906 Phase 1 Tranche 4 Shares, the Pacific Road Group will increase their current shareholding to 50,000,000 Shares (approximately 23.59% of the shares on issue in Mawson West) before the exercise of any share options. There would be 211,950,061 Shares on issue.
- 1.5 Therefore a notice prepared in relation to a meeting of shareholders convened for the purposes of Section 611 (Item 7) of TCA should be accompanied by an Independent Expert's Report stating whether it is fair and reasonable to allow the issue of 11,628,906 Phase 1 Tranche 4 Shares to the Subscribers at US\$0.15 each to raise a gross US\$1,744,336. To assist shareholders in making a decision on the proposal outlined in Resolution 1 the directors have requested that Stantons International Securities prepare an Independent Expert's Report, which must state whether, in the opinion of the Independent Expert, the proposal under Resolution 1 is fair and reasonable to the non-associated shareholders of Mawson West. In arriving at our opinion, we have considered the total package under the Subscription Agreement notwithstanding that we are not reporting specifically on the fairness or reasonableness of the issue of Phase 1 Tranche 1, 2 and 3 Shares that once all issued would mean that Mawson West would have raised a gross US\$5,755,664. To 25 November 2009, US\$2,000,000 has been raised from the issue of the Phase 1 Tranche 1 and 2 Shares.
- 1.6 Apart from this introduction, this report considers the following:
  - Summary of opinion
  - Implications of the proposals
  - Corporate history and nature of business
  - Future direction of Mawson West
  - Basis of valuation of Mawson West shares
  - Premium for control
  - Consideration as to fairness and reasonableness
  - Conclusion as to fairness and reasonableness
  - Sources of information
  - Appendix A and Financial Services Guide
- 1.7 In determining the fairness and reasonableness of the transaction pursuant to Resolution 1 we have had regard for the definitions set out by the Australian Securities and Investments Commission ("ASIC") in its Regulatory Guide 111, "Content of Expert Reports". Regulatory Guide 111 states that an opinion as to whether an offer is fair and/or reasonable shall entail a comparison between the offer price and the value that may be attributed to the securities under offer (fairness) and an examination to determine whether there is justification for the offer price on objective grounds after reference to that value (reasonableness). The concept of "fairness" is taken to be the value of the offer price, or the

consideration, being equal to or greater than the value of the securities in the above mentioned offer. Furthermore, this comparison should be made assuming 100% ownership of the “target” and irrespective of whether the consideration is scrip or cash. An offer is “reasonable” if it is fair. An offer may also be reasonable, if despite not being “fair”, there are sufficient grounds for security holders to accept the offer in the absence of any higher bid before the close of the offer. It also states that, where an acquisition of shares by way of an allotment is to be approved by shareholders pursuant to Section 611 (Item 7) of TCA, it is desirable to commission a report by an independent expert stating whether or not the proposal is fair and reasonable, having regards to the proposed allottees and whether a premium for potential control is being paid by the allottees. Regulatory Statement 111 also provides that such an allotment should involve a comparison of the advantages and disadvantages likely to accrue to non associated shareholders if the transactions proceed compared with if they do not.

Accordingly, our report in relation to Resolution 1 comprising the approval to place (issue) 11,628,906 Phase 1 Tranche 4 Shares to the Pacific Road Group, is concerned with the fairness and reasonableness of the proposal with respect to the existing non-associated shareholders of Mawson West and whether the Pacific Road Group is paying a premium for control.

- 1.8 **For the purposes of Section 611 (item 7) of TCA, in relation to the approval to issue 11,628,906 Phase 1 Tranche 4 Shares to the Pacific Road Group, in our opinion taking into account the factors noted elsewhere in this report including the factors (positive, negative and other factors) noted in section 7 of this report, the proposal as outlined in paragraph 1.1 and resolution 1 may on balance collectively be considered to be fair and reasonable.**

## 2. Implications of the Proposals

- 2.1 As at 25 November 2009, there are 174,368,394 ordinary fully paid Shares on issue in Mawson West. The significant registered fully paid shareholders as at 20 November 2009, based on the top 20 shareholders list were believed to be:

	<b>No. of fully paid shares</b>	<b>% of issued fully paid shares</b>
ANZ Nominees Limited	20,337,142	11.66
Macquarie Bank Limited	14,285,714	8.19
Pacific Road Holdings NV	10,683,333	6.13
Richard Alexander Caldwell	8,000,000	4.59
Ascot Park Enterprises Pty Ltd	7,500,000	4.30
Charlines Pty Ltd	7,217,726	4.14
	<u>68,023,915</u>	<u>39.01</u>

The top 20 shareholders at 20 November 2009 owned approximately 61.57% of the ordinary issued capital of the Company. As at 30 June 2009, there were 154,473,439 Shares on issue. Excluding the issue of the Phase 1 Tranche 1 and 2 Shares issued to 20 November 2009, a further 6,561,622 Shares were issued to a small minority of shareholders and several new investors all at US\$0.15 per share or equivalent to US\$0.15 per share (in Australian dollars). The amount raised from other investors in US dollars was US\$532,500 (3,550,000 Shares at US\$0.15 each) and the amount raised in Australian dollars was \$520,194 (3,011,622 Shares at an average price of approximately 17.27 cents each that was at the time equivalent to US\$0.15 each). The amount raised from the Pacific

Road Group was US\$2,000,000 (13,333,333 Shares at US\$0.15 each). On 27 November 2009, a further 915,000 Shares were issued at US\$0.15 each to raise a gross US\$137,250 (approximately \$149,000) so that as at 27 November 2009 there are 175,283,394 Shares on issue. The Pacific Road Group collectively own approximately 7.61% of the Shares on issue.

2.2 As at 27 November 2009, there were 16,700,000 unlisted options exercisable between 20 cents and 30 cents and the last date to exercise is 22 August 2013.

- 1,850,000 options exercisable at 20 cents each by 22 August 2011
- 2,500,000 options exercisable at 30 cents each by 30 November 2009 (expected not to be exercised and would have expired by the time shareholders receive the Notice)
- 7,500,000 options exercisable at 30 cents each by 22 August 2011
- 4,850,000 options exercisable at 20 cents each by 22 August 2013

2.3 The Phase 1 Tranche 1 and 2 Shares have been issued and thus the Pacific Road Group own as at 27 November 2009 approximately 7.61% of the Shares on issue in Mawson West. The Company raised US\$2,000,000 from the two placements. Following completion of the issue of the 25,037,761 Phase 1 Tranche 3 Shares, the Pacific Road Group would own 38,371,094 Shares in Mawson West representing approximately 19.15% of the then Shares on issue (assuming no other Share issues). The Company will raise a further US\$3,755,664 from the Tranche 3 Share Placement. After the placement of the 11,628,906 Phase 1 Tranche 4 Shares, the Pacific Road Group will increase their current shareholding to 50,000,000 Shares (approximately 23.59% of the Shares on issue in Mawson West) before the exercise of any share options. There would be 211,950,061 Shares on issue. A further US\$1,744,336 would be raised from the Phase 1 Tranche 4 Share Placement, so that the total amount raised from the issue of the Phase 1 Tranche 1 to 4 Shares will be US\$7,500,000. A fee of 3% plus GST needs to be paid to the Subscribers or nominees and a 3% fee due to a broker as part of the capital raising deal that once paid both paid will total US\$450,000 so that the total net amount received and receivable would be US\$7,050,000. The total net amount to be received in Australian dollars may be in the range of \$7,300,000 to \$7,600,000 depending on the exchange rates applicable when the Phase 1 Tranche 3 and 4 Shares are issued and monies received (in US dollars). In addition, a total of 3,000,000 share options are proposed to be issued to a broker as part of the capital raising fee. The share options will be exercisable at US\$0.15 on or before 29 October 2011.

2.4 Unless otherwise agreed between the Subscribers and the Company, the Subscription Agreement requires all subscription monies raised pursuant to the Subscription Agreement to be used as follows:

- (a) funding a 43-101 resource report for the Kapulo Copper Project;
- (b) funding the completion of a definitive feasibility study in relation to the Kapulo Copper Project ;
- (c) submission of application for exploitation licence to the MOM;
- (d) any other work in connection with the Kapulo Copper Project in the nature of exploitation and further resource delineation as approved by the Board; and
- (e) other Board approved working capital purposes.

- 2.5 Mr Louis Rozman a nominee of the Pacific Road Group was appointed a Director of Mawson West on 30 November 2009. Resolution 2 seeks the re-election of Mr Louis Rozman as a Director of Mawson West with effect from the end of the meeting. Further new directors may be appointed in the future depending on the progress of the Kapulo Project.

### **3. Corporate History and Nature of Business**

- 3.1 Mawson West which was listed on the ASX until 10 June 2009 and is now an unlisted public company is a resource company primarily focused on the exploration and development of a copper project centred on the border of the Congo and Zambia. The Company's major projects are as follows:

- The Kapulo Copper Project. On 13 April 2006, the Company entered into an agreement with Anvil Mining Limited enabling it to earn a 65% interest in a large contiguous tenement package that straddles the border between Zambia and the Democratic Republic of Congo (DRC) in Central Africa. The earn in was staged over a period of 4 years with the Company able to gain 51% and control of the project by spending US\$2.0million and 65% by spending \$4.0 million. The Kapulo Copper Project has been the Company's main focus during the year; and it has now earned a 65% stake in the Project. The Project comprises approximately 5,500km<sup>2</sup> of contiguous tenure straddling the border between the Democratic Republic of Congo (DRC) and Zambia in Central Africa. During the 2008/09 year the company managed to progress the project significantly. Over seventy diamond drill holes were completed at the Shaba and Safari North deposits and a maiden JORC/NI 43-101 resource is well underway. The Project has reached the stage that has warranted the commencement of a Definitive Feasibility Study. Regional geochemical sampling, along the Kapulo fault, 20km north and south of the main deposits at Kapulo has been completed. Several high-order anomalies now require drill testing;
- Golden Mile South being a gold prospect approximately 4km from the Kalgoorlie Super Pit in Western Australia. The Company is reviewing its options on what to do with this project;
- Paynes Find JV. Mawson West has a 25% interest in this JV with Prosperity Resources Limited who wish to sell the project; and
- Kiaby Well JV. Joint ventured out to Silver Swan who is earning a 60% interest by sole funding exploration.

- 3.2 A summarised audited balance sheet of the Mawson West Group as at 30 June 2009 is outlined in paragraph 5.4.1 of this report.

### **4. Future Directions of Mawson West**

- 4.1 We have been advised by the directors and management of Mawson West that:
- There are no proposals currently contemplated either whereby Mawson West will acquire any properties or assets from the Subscribers or where Mawson West would transfer any of its property or assets to the Subscribers;
  - The composition of the Board will change in the short term as a result of the proposed Placements (refer paragraph 2.5 above);
  - The Company is raising working capital through the issue of 50,000,000 Placement Shares with the Pacific Road Group at an issue price of US\$0.15 per share. The monies received from the Placements if approved would be

used as noted in paragraph 2.4 above. To date, US\$2,000,000 has been received and a further US\$5,500,000 has yet to be received via the issue of the Phase 1 Tranche 3 and 4 Shares;

- No dividend policy has been set and it is not proposed to be set until such time as the Company is profitable and has a positive cash flow;
- The Company will endeavour to enhance the value and percentage ownership of its interests in its existing mineral assets and in particular the Kapulo Copper Project; and
- The Company may raise further funds of US\$15,000,000 pursuant to the Phase 2 Investment noted in paragraph 1.2 above.

## **5. Basis of Valuation of Mawson West**

### **5.1 Shares**

5.1.1 In considering the proposals as outlined in Resolution 1, we have sought to determine whether the issue price of the Phase 1 Tranche 4 Shares to the Subscribers is in excess of the current fair value of the shares in Mawson West on issue and whether the proposed Placement is at a price that Mawson West could make to unrelated third parties and then conclude whether the proposal is fair and reasonable to the existing non associated shareholders of Mawson West.

5.1.2 The valuation methodologies we have considered in determining a theoretical value of a Mawson West share are:

- Capitalised maintainable earnings/discounted cash flow;
- Takeover bid - the price at which an alternative acquirer might be willing to offer;
- Adjusted net asset backing and windup value; and
- The recent market prices of Mawson West shares.

5.2 Capitalised maintainable earnings and discounted cash flows.

5.2.1 Due to Mawson West's current operations, a lack of profit history arising from business undertakings and the lack of a reliable future cash flow from a current business activity, we have considered these methods of valuation not to be relevant for the purpose of this report. Currently, Mawson West does not have sufficient funds and thus any perceived technical values of the projects including in the main the Kapulo Copper Project is theoretical as without funds further exploration activities and development will not be possible. Refer below for details on the net asset backing of the Mawson West Group as at 30 June 2009.

5.3 Takeover Bid

5.3.1 It is possible that a potential bidder for Mawson West could purchase all or part of the existing shares, however no certainty can be attached to this occurrence. To our knowledge, there are no current bids in the market place and the directors of Mawson West have formed the view that there is unlikely to be any takeover bids made for Mawson West in the immediate future. However, if all of the 50,000,000 Phase 1 Tranche 1 to 4 Shares are issued, the Pacific Road Group would control approximately 23.59% of the expanded ordinary issued capital of Mawson West before the exercise of any outstanding share options.

#### 5.4 Adjusted Net Asset Backing

5.4.1 We set out below an audited consolidated Balance Sheet of Mawson West as at 30 June 2009.

<b>Mawson West</b>	
<b>30 June 2009</b>	
<b>\$'000's</b>	
<b>Current Assets</b>	
Cash assets	2,742
Receivables	1,200
Other financial assets	225
	4,167
<b>Non Current Assets</b>	
Property, plant and equipment	281
Exploration and evaluation expenditure- Acquisition costs	1,656
	1,937
<b>Total Assets</b>	6,104
<b>Current Liabilities</b>	
Creditors and accruals	578
Provisions	44
	622
<b>Total Liabilities</b>	622
<b>Net Assets</b>	5,482
<b>Equity</b>	
Issued capital	29,790
Reserves	1,153
Accumulated losses	(25,461)
<b>Net Equity</b>	5,482
<b>Number of shares on issue</b>	154,473,439
<b>Net book value per share (cents)</b>	3.54

5.4.2 The unaudited book net tangible asset backing as at 30 June 2009 equates to approximately 3.54 cents per Share based on 154,473,439 ordinary Shares on issue as at that date. After the issue of the Phase 1 Tranche 1 and 2 Shares to raise a gross US\$2,000,000 (say \$2,150,000), the issue of a further 7,476,622 Shares to raise an Australian equivalent of approximately \$1,242,000 and assuming further administration and corporate losses of say \$750,000 (but ignoring new mineral exploration costs that are written off in accordance with the Company's accounting policy) to 30 November 2009, the net book asset backing per Share may approximate 4.6 cents (175,283,394 Shares on issue).

5.4.3 We have accepted the book amounts of Mawson West for all current assets and non current assets. We have been assured by the management of Mawson West that they believe the carrying value of all current assets and liabilities at 30 June 2009 are fair and not materially misstated. However we note that included in the net assets of Mawson West are capitalised acquisition costs however the vast majority of the costs are not attributable to the Kapulo Copper Project as exploration and evaluation costs have been expensed. The Company has not completed a definitive bankable feasibility study on the Kapulo Copper Project. However in negotiating with the representatives of the Pacific Road Group, preliminary values were ascribed by Mawson West management to the mineral assets and other assets of the Mawson West Group (including the 65% interest in the Kapulo Copper Project) and their own workings indicated approximately US\$0.148 per Share. Thus it was agreed to issue the Phase 1 Tranche 1 to 4 Shares at US\$0.15 each. An external technical valuation of the mineral assets of Mawson West has not been undertaken. The Company needs to raise significant sums to complete a bankable feasibility study and if successful would need to

incur further significant amounts to start development (may be over US\$20,000,000).

5.4.4 We note that the market via the Company's web site has been informed of all of the current projects, joint ventures and farm in/farm out arrangements entered into between Mawson West and other parties. We also note it is not the present intention of the Directors of Mawson West to liquidate the Company and therefore any theoretical value based upon wind up value or even net book value (as adjusted), is just that, theoretical. The shareholders, existing and future, must acquire shares in Mawson West based on the market perceptions of what the market considers a Mawson West share to be worth. The market has generally valued the vast majority of junior/mid size mineral exploration and development companies at either significant discounts or premiums to appraised technical values and this has been the case for a number of years.

#### 5.5 Market Price of Mawson West Fully Paid Ordinary Shares

5.5.1 The Company in June 2009 sought a delisting from the ASX. For the 5 months prior to delisting, the shares in Mawson West traded in the range of 3 cents to 6 cents. It is noted that subsequent to 30 June 2009, the Company has issued 3,550,000 Shares to sophisticated investors at US\$0.15 each and 3,011,622 Shares in Australian dollars at the equivalent of US\$0.15 each (a total of 6,561,622 Shares have been issued to 20 November 2009, excluding the Phase 1 Tranche 1 and 2 Shares).

5.5.2 Generally, the market is a fair indicator of what a share is worth, however the theoretical technical value based on the underlying value of assets and liabilities may be lower or higher. Based on the adjusted audited 30 June 2009 book values of Mawson West assets, Mawson West has a value per share of well below US\$0.15 although the theoretical technical value may be higher. The net assets of the Company as at 30 June 2009 include the mineral assets as noted above at their acquisition costs only as all on-going exploration costs are expensed as incurred. The true or recoverable values of these mineral assets may be higher depending on whether they could be successfully exploited through their sale or through further exploration and development.

5.5.3 The future value of a Mawson West share will depend upon, inter alia:

- The future commercialisation of the existing mineral interests and in particular the Kapulo Copper Project;
- The state of the copper, gold, nickel and other base metal markets (and prices) and foreign exchange rates;
- Cash position of Mawson West;
- The state of Australian and overseas stock markets;
- Membership and control of the Board and the composition of management;
- General economic conditions; and
- Liquidity of shares in Mawson West.

5.5.4 Our view is that less weighting should be given to the book asset backing of a Mawson West share. Although the share price of US\$0.15 used to issue Shares to sophisticated investors over the past month (to 27 November 2009) may not necessarily reflect fair values it is an indication as to what investors are prepared to pay at the current time. In conclusion, we consider that the current fair market value of a Mawson West share approximates the US\$0.15 notwithstanding that the June 2009 sales were around 5 cents and the book asset backing is

considerably lower. It is noted that the Directors of Mawson West considered that the fair value of Mawson West shares at the time of discussions with the Pacific Road Group (for input of capital) approximated US\$0.15 but acknowledging that a placement of shares would need to be undertaken at a discount to the potential longer term value of a Mawson West Share, particularly if the Kapulo Copper Project can be commercialised. The Directors are looking at options to increase the value of the Golden Mile South Project to Mawson West.

## **6. PREMIUM FOR CONTROL**

- 6.1 Premium for control for the purposes of this report, has been defined as the difference between the price per share, which a buyer would be prepared to pay to obtain or improve a controlling interest in the Company and the price per share which the same person would be required to pay per share, which does not carry with it control or the ability to improve (increase) control of the Company.
- 6.2 Under TCA, control may be deemed to occur when a shareholder or group of associated shareholders control more than 20% of the issued capital. As noted above, the Pacific Road Group's beneficial interest in Mawson West may increase from approximately 7.61% to 19.15% (on issue of the Phase 1 Tranche 3 Shares) and then to approximately 23.59% if the Phase 1 Tranche 4 Shares are issued as envisaged under Resolution 1. Accordingly, we have addressed whether a premium for control will be paid.
- 6.3 Arguably the market value of a Mawson West share approximates US\$0.15. As the Pacific Road Group is acquiring 11,628,906 Phase 1 Tranche 4 Shares at US\$0.15 each it could be argued that on balance the Pacific Road Group is probably not paying a premium for control. However the shareholders of Mawson West are arguably better off as the Company would receive an estimated US\$1,744,336. In conjunction with the Phase 1 Tranche 1 and 2 Shares already issued, along with the planned issue of the Phase 1 Tranche 3 Shares to be issued, the Company will raise from the Pacific Road Group a gross US\$7,500,000 that will be used as noted in paragraph 2.4 above.
- 6.4 We note that currently the Pacific Road Group has one nominee on the Board of Mawson West, being Mr Louis Rozman who is seeking re-election as a Director pursuant to Resolution 2 in the Notice. The Pacific Road Group will not "control" the Board.

## **7. Fairness and Reasonableness of the Proposed Placement**

- 7.1 We set out below some of the advantages and disadvantages and other factors pertaining to the proposed Placement of 11,628,906 Phase 1 Tranche 4 Shares to the Pacific Road Group pursuant to Resolution 1 of the Notice.

### Advantages

- 7.2 By entering into the proposals with the Pacific Road Group, Mawson West increases its cash reserves (it will raise a net US\$7,050,000 after the issue of all Shares under Phase 1 Tranches 1 to 4). Obtaining access to a significant amount of cash funds in the current environment is extremely difficult and thus the Company and its shareholders should benefit. This should alleviate cash flow concerns in the immediate future.

- 7.3 In the event that the full capital raisings via the proposals with the Pacific Road Group are not completed or the Company cannot raise adequate working capital from other sources, there is the likelihood that the Kapulo Copper Project may be curtailed until such time as new funds are raised. In the current market it is extremely difficult for exploration companies such as Mawson West to raise equity, particularly for a company whose most significant mineral prospect is in the Congo in Africa.
- 7.4 There is an incentive for the Pacific Road Group to ensure Mawson West becomes a viable mineral exploration and development company as the Pacific Road Group will continue to have a significant interest in Mawson West. The Pacific Road Group is taking a risk in investing further funds into Mawson West as to a large extent, Mawson West future share price may be determined by the exploitation and/or commercial success (or otherwise) of its exploration portfolio (including the Kapulo Copper Project in the Congo and other mineral assets owned by Mawson West). There is a huge incentive for the Pacific Road Group to make Mawson West a successful company and have the share price rise considerably. All shareholders would benefit from a rise in the share price.
- 7.5 The Company currently has several main exploration areas of interest that are undeveloped. Such projects and other potential exploration opportunities cannot be explored without additional funding being made available. The completion of the Phase 1 Tranche 1 to 4 Shares at US\$0.15 each would raise significant additional funds to assist the Company in advancing such projects. To date, US\$2,000,000 has been received from the issue of the Phase 1 Tranche 1 and 2 Shares.
- 7.6 It is normal for brokerage fees to be approximately up to 7% of the cash raised. The amount that may be payable has been set at 6% (3% to the investors or nominees and 3% to a broker) in cash and the issue of 3,000,000 share options exercisable at US\$0.15 each on or before 29 October 2011. This is an upfront saving to the Company (albeit small). The share options do have a value and the cost must be treated as a capital raising cost under A-IFRS. Using a 70% volatility factor, a share price of say US\$0.15, a risk free interest rate of 4%, a three year term and a discount of say 25% to reflect the unlisted status of the share options, results in a total cost of US\$134,000 that approximates \$146,000. This is a non cash item and the cost is expensed against equity.

#### Disadvantages

- 7.7 The number of fully paid ordinary shares on issue initially rises to 211,950,061 on completion of the issue of the Phase 1 Tranche 3 and 4 Shares. This represents an approximate 20.92% increase in the ordinary shares of the Company from the 27 November 2009 shares on issue.
- 7.8 An influential shareholding of the Company is being given to the Pacific Road Group in that they would ultimately have voting control of approximately 23.59% of the expanded ordinary issued capital after the successful ratification and implementation of Resolution 1 (and assuming no other Share issues). This is an increase of approximately 15.98% from the current shareholding and an increase of approximately 4.44% after the issue of the Phase 1 Tranche 3 Shares that is expected to occur by the end of February 2010.

## Other Factors

- 7.9 The proposed issue price (US\$0.15 each) of the Phase 1 Tranche 4 (and 3) Shares is above the net asset backing per share value of around 4.6 cents. However, we do not consider that undue weighting should be given to asset backing as share issues of ASX listed companies are normally undertaken based on share prices and more often that not at a discount to market. In addition, as discussed above, the Pacific Road Group is not paying a premium for increased control. We note that Mawson West delisted from the ASX on 10 June 2009 and at that time the share price was around 5 cents.
- 7.10 Non-associated shareholders and investors of the Pacific Road Group have recently (in November 2009) acquired Shares in Mawson West at the equivalent of US\$0.15 each.

## **8. Conclusion as to Fairness and Reasonableness**

- 8.1 After taking into account the factors referred to in section 7 above and elsewhere in this report, we are of the opinion that the proposed approval of the issue of the 11,628,906 Phase 1 Tranche 4 Shares to the Pacific Road Group at US\$0.15 each as noted in paragraph 1.1 and Resolution 1 in the Notice may be considered, on balance, collectively to be fair and reasonable to the non-associated shareholders of Mawson West.**

## **9. Sources of Information**

- 9.1 In making our assessment as to whether the proposal to issue 11,628,906 Phase 1 Tranche 4 Shares to the Pacific Road Group at \$0.15 each as outlined in paragraph 1.1 is fair and reasonable, we have reviewed relevant published available information and other unpublished information of the Company and its mining assets that is relevant to the current circumstances. In addition, we have held discussions with the management of Mawson West about the present and future operations of the Company. Statements and opinions contained in this report are given in good faith but in the preparation of this report, we have relied in part on information provided by the directors and management of Mawson West.
- 9.2 Information we have received includes, but is not limited to:
- Draft Notices and Explanatory Statement to Shareholders of Mawson West prepared in November 2009;
  - The Subscription Agreement between Mawson West and the Subscribers of November 2009;
  - Discussions with management and a director of Mawson West;
  - Details of historical market trading of Mawson West ordinary fully paid shares recorded by ASX for the period 1 January 2009 to 10 June 2009;
  - Shareholding details of Mawson West as at 20 November 2009 and 27 November 2009;
  - Announcements made by Mawson West to the ASX to 10 June 2009;
  - Preliminary cash flow forecasts of Mawson West on the Kapulo Copper Project;
  - Audited accounts of Mawson West for the year ended 30 June 2009;
  - Schedule prepared by Mawson West on the October 2009 value of the Company's Shares for negotiations with the Pacific Road Group;

- Schedule of Shares issued (and issue prices) for the period 1 July 2009 to 20 November 2009; and
- Details as disclosed on the Company's web site to 30 November 2009.

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

Yours faithfully

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



**J P Van Dieren - FCA**  
**Director**

## APPENDIX A

### AUTHOR INDEPENDENCE AND INDEMNITY

This annexure forms part of and should be read in conjunction with the report of Stantons International Securities dated 3 December 2009, relating to the issue of 11,628,906 Phase 1 Tranche 4 Shares at US\$0.15 each to the Pacific Road Group as outlined in paragraph 1.1 of the report and Resolution 1 in the Notice of Meeting to Shareholders proposed to be distributed to shareholders in mid December 2009.

At the date of this report, Stantons International Securities does not have any interest in the outcome of the proposal. There are no relationships with Mawson West or the Pacific Road Group of companies other than acting as an independent expert for the purposes of this report other than Stantons International Pty Ltd is the auditor of Mawson West. Before accepting the engagement Stantons International considered all independence issues and concluded that there were no independence issues in accepting the assignment to prepare the Independent Experts Report. There are no existing relationships between Stantons International Securities and the parties participating in the transaction detailed in this report which would affect our ability to provide an independent opinion. The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated at \$15,000. The fee is payable regardless of the outcome. With the exception of the fee, neither Stantons International Securities nor John P Van Dieren have received, nor will, or may they receive, any pecuniary or other benefits, whether directly or indirectly, for or in connection with the making of this report.

Stantons International Securities does not hold any securities in Mawson West or the Pacific Road Group. There are no pecuniary or other interests of Stantons International Securities that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons International Securities and Mr J Van Dieren have consented to the inclusion of this report in the form and context in which it is included as an annexure to the Notice.

### QUALIFICATIONS

We advise Stantons International Securities is the holder of an Australian Financial Services Licence (no 319600) under the Corporations Act 2001 relating to advice and reporting on mergers, takeovers and acquisitions that involve securities. A number of the directors of Stantons International Pty Ltd are the directors of Stantons International Securities and Stantons International Securities has an affiliation with a company Stantons International Services Pty Ltd that provides taxation and accounting services. Stantons International Securities and Stantons International Services Pty Ltd have extensive experience in providing advice pertaining to mergers, acquisitions and strategic for both listed and unlisted companies and businesses and/or taxation services.

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

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

### **DECLARATION**

This report has been prepared at the request of the Directors of Mawson West in order to assist them to assess the merits of the proposal as outlined in Resolution 1 and the Explanatory Statement to which this report relates. This report has been prepared for the benefit of Mawson West's shareholders and does not provide a general expression of Stantons International Securities opinion as to the longer term value of Mawson West and its assets. Stantons International Securities does not imply, and it should not be construed, that it has carried out any form of audit on the accounting or other records of the Mawson West Group other than the audit division of Stantons International Pty Ltd auditing the financial statements to 30 June 2009. Neither the whole nor any part of this report, nor any reference thereto may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons International Securities to the form and context in which it appears.

### **DISCLAIMER**

This report has been prepared by Stantons International Securities with due care and diligence. However, except for those responsibilities, which by law cannot be excluded, no responsibility arising in any way whatsoever for errors or omission (including responsibility to any person for negligence) is assumed by Stantons International Securities, Stantons International Pty Ltd, and Stantons International Services Pty Ltd, their directors, employees or consultants for the preparation of this report.

### **DECLARATION AND INDEMNITY**

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

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

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

**FINANCIAL SERVICES GUIDE  
FOR STANTONS INTERNATIONAL PTY LTD  
(Trading as Stantons International Securities)  
Dated 3 December 2009**

1. Stantons International Securities ACN 103 088 697 (“SIS” or “we” or “us” or “ours” as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.
2. Financial Services Guide

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

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No: 319600;
- remuneration that we and/or our staff and any associated receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. Financial services we are licensed to provide

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

- Securities (such as shares, options and notes)

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

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

4. General Financial Product Advice

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

5. Benefits that we may receive

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

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

6. Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

7. Referrals

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

8. Associations and relationships

SIS is ultimately a wholly division of Stantons International Pty Ltd a professional advisory and accounting practice. Our directors may be directors in Stantons International Pty Ltd and is affiliated with Stantons International Services Pty Ltd.

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

9. Complaints resolution

9.1 Internal complaints resolution process

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

The Complaints Officer  
Stantons International Securities  
Level 1  
1 Havelock Street  
WEST PERTH WA 6005

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

## 9.2 Referral to External Dispute Resolution Scheme

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

Further details about FOSL are available at the FOSL website [www.fos.org.au](http://www.fos.org.au) or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited  
PO Box 3  
MELBOURNE VIC 8007

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

## 10. Contact details

You may contact us using the details set out at the top of our letterhead on page 1 of this FSG.