

# Notice of Annual General Meeting and Explanatory Statement

Annual General Meeting to be held at  
Acqua Viva, Broadway, Nedlands  
on 18 November 2009 commencing at 10.00 am (WST)

**LIBERTY RESOURCES LIMITED**  
**ACN 103 348 947**

This Notice of General Meeting and Explanatory Statement should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

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## Corporate Directory

Directors                    Mr Alan Phillips (Non-executive Chairman)  
Mr Andrew Haythorpe (Managing Director)  
Mr Michael Fry (Non-Executive Director)  
Mr James Becke (Non-Executive Director)

Secretary                    Mr Robert Hodby

Registered Office            Unit B2, 431 Roberts Road,  
Subiaco WA 6008  
Telephone: (08) 9388 8869  
Facsimile: (08) 9388 8861  
Website: [www.libertyresources.com.au](http://www.libertyresources.com.au)

Share Registry                Advanced Share Register Limited  
150 Stirling Highway  
Nedlands WA 6009

Telephone: (08) 9389 8033  
Facsimile: (08) 9389 7871

ASX Code                    LBY

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## Notice of General Meeting

Notice is hereby given that an Annual General Meeting of Shareholders of Liberty Resources Limited ("the Company") will be held at Acqua Viva, Broadway, Nedlands, Western Australia on 18 November 2009 at 10:00 am (WST) ("Annual General Meeting").

The Explanatory Memorandum to this Notice of Annual General Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Memorandum and Proxy Form are part of this Notice of Annual General Meeting.

## Agenda

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### 1. Annual Report

To table and consider the Annual Financial Report of the Company and its controlled entities for the year ended 30 June 2009, together with a directors' report in relation to that financial year and the auditor's report on the Annual Financial Report.

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### 2. Resolution 1 - Remuneration Report

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:  
*"That the Remuneration Report be adopted by the Shareholders on the terms and conditions in the Explanatory Memorandum."*

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### 3. Resolution 2 - Election of Director

To consider, and if thought fit, to pass the following as an ordinary resolution:  
*"That Mr James Becke, a director appointed by the Board of Directors since the last General Meeting, retires in accordance with the Clause 3.3 of the Constitution and, being eligible, be elected as a Director."*

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### 4. Resolution 3 - Re-election of Director

To consider, and if thought fit, to pass the following as an ordinary resolution:  
*"That Mr Alan Phillips who retires in accordance with the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."*

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### 5. Resolution 4 Issue of Options to Andrew Haythorpe

To consider and, if thought fit, pass the following resolution as an ordinary resolution:  
*"That for the purpose of Listing Rule 10.11 and for all other purposes, the Shareholders approve the issue of 4,000,000 Options to Andrew Haythorpe for the purpose and on the terms set out in the Explanatory Statement."*

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### 6. Resolution 5 Issue of Options to Alan Phillips

To consider and, if thought fit, pass the following resolution as an ordinary resolution:  
*"That for the purpose of Listing Rule 10.11 and for all other purposes, the Shareholders approve the issue of 1,000,000 Options to Alan Phillips for the purpose and on the terms set out in the Explanatory Statement."*

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### 7. Resolution 6 Issue of Options to Michael Fry

To consider and, if thought fit, pass the following resolution as an ordinary resolution:  
*"That for the purpose of Listing Rule 10.11 and for all other purposes, the Shareholders approve the issue of 1,000,000 Options to Michael Fry for the purpose and on the terms set out in the Explanatory Statement."*

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## 8. Resolution 7 Issue of Options to James Becke

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

*“That for the purpose of Listing Rule 10.11 and for all other purposes, the Shareholders approve the issue of 1,000,000 Options to James Becke for the purpose and on the terms set out in the Explanatory Statement.”*

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## 9. Resolution 8 Approval of the Issue of Options

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

*“That for the purpose of Listing Rule 7.1 and for all other purposes, the Shareholders approve the issue of 7,950,000 Options on the terms and conditions set out in the Explanatory Statement.”*

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## 10. Resolution 9 Approval of Employee Share Option Plan

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

*“That, pursuant to and in accordance with Exception 9(b) in Listing Rule 7.2 and for all other purposes, the shareholders of the Company adopt the Directors’ and Employees Share Option Plan as detailed in the Explanatory Statement.”*

### Voting Exclusions

The Company will disregard any votes cast on Resolutions 2, 3, 4, 5, 6 and 7 by any Voting Director and any associate of those Voting Directors. However, the Company need not disregard a vote if:

- (a) it is cast by a Voting Director as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by a Voting Director who is chairing the meeting, as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

For the purposes of Resolution 8 the Company will disregard any votes cast on this Resolution by:

- (a) a person who is nominated to receive options issued pursuant to this resolution; and
- (b) an associate of that person.

For the purposes of Resolution 9 the Company will disregard any votes cast on this Resolution by:

- (a) a person who may participate in an issue under the Employee Share Option Plan; and
- (b) an associate of that person.

## Explanatory Statement

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### Introduction

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

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

### Proxies

Please note that:

- (a) a member of the Company entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms.

### “Snap-shot” Time

The Company may specify a time, not more than 48 hours before the General Meeting, at which a “snap-shot” of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the AGM.

The Directors have determined that all Shares that are quoted on ASX at 5.00pm WST on 16 November 2009 shall, for the purposes of determining voting entitlements at the General Meeting, be taken to be held by the persons registered as holding the Shares at that time.

### Corporate Representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the AGM should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that Company's representative. The authority may be sent to the Company in advance of the AGM or handed in at the AGM when registering as a corporate representative.

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## Annual Report

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

Shareholders will be offered the following opportunities:

- (a) Discuss the Annual Financial Report for the financial year ended 30 June 2009 which is online at [www.libertyresources.com.au](http://www.libertyresources.com.au) or by contacting the registered office on +61 8 9388 8869.
- (b) Ask questions or make comment on the management of the Company.
- (c) Ask the auditor questions about the conduct of the audit and the preparation and content of the auditor's report.

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

- (a) the preparation and content of the auditor's report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

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

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## **Resolution 1 – Remuneration Report**

Pursuant to section 250R(2) of the Corporations Act, the Company is required to put the Remuneration Report to the vote of Shareholders. The Annual Financial Report for the year ended 30 June 2009 contains the Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the executive and non-executive directors.

The provisions of the Corporations Act provide that Resolution 1 need only be an advisory vote of Shareholders.

Therefore, Resolution 1 is advisory only and does not bind the Directors. Of itself, a failure of Shareholders to pass Resolution 1 will not require the Directors to alter any of the arrangements in the Remuneration Report. However the Board will take the outcome of the vote into consideration when considering the remuneration policy.

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

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## **Resolution 2 - Election of Director**

The Company's Constitution requires directors who are appointed during the year to retire at the first AGM held after their appointment. Retiring directors are eligible for re-election. As Mr James Becke was appointed during the year he must resign and can be re-elected.

A summary of Mr Becke's qualifications and experience is as follows:

Mr Becke holds a Bachelor of Economics degree from the University of Tasmania. He has 35 years experience in all facets of the Australian capital markets including debt, equity and synthetic markets. He was a founding director of Macquarie Bank Ltd, a founding director of Austraclear Ltd and a Director of Capital Markets, Dresdner International Financial Markets (Australia) Ltd.

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## **Resolution 3 – Re-Election of Director**

The Constitution requires that one third of the Directors must retire at each annual general meeting (rounded down to the nearest whole number).

The Constitution provides that a Director who retires by rotation is eligible for re-election. Pursuant to the Constitution, Mr Alan Phillips will retire by rotation and seeks re-election accordingly.

A summary of Mr Phillips' experience and qualifications is as follows:

Mr Phillips has been a senior executive, director and chairman of ASX, TSX and AIM-listed companies over a period of 30 years covering a broad range of industries, but predominantly in the mining and exploration and technology sectors. He is currently a Director of Cadan Resources Ltd, International Gold Mining Limited and Macarthur Minerals Limited, and is the Chairman of First Apollo Capital Limited.

Mr Phillips was appointed a Director of Liberty Resources Limited on 25 August 2008.

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## Resolutions 4, 5, 6 & 7 Issue of Options to Directors.

Resolutions 4, 5, 6 and 7 seek Shareholder approval pursuant to Chapter 2E of the Corporations Act and Listing Rule 10.11 for the issue of 7,500,000 Options to Directors (or nominees) as follows:

Director	Number of Options	Exercise Price	Expiry Date
Andrew Haythorpe	4,000,000	\$0.45	15 November 2013
Alan Phillips	1,000,000	\$0.45	15 November 2013
Michael Fry	1,000,000	\$0.45	15 November 2013
James Becke	1,000,000	\$0.45	15 November 2013

The Company recognises that the grant of Options to non-executive Directors would not comply with the ASX's Principles of Good Corporate Governance and Best Practice Recommendations. However, under the Company's current circumstances, the Directors consider that the incentive represented by the grant of these Options is a cost effective means of rewarding and incentivising Directors, when compared to alternative forms of incentive such as the payment of additional cash compensation.

The number of Options to be granted to each of the Directors (or their nominee(s)) has been determined based upon a consideration of:

- (a) Their remuneration – the Directors wish to ensure that the remuneration offered is competitive with market. The Directors have reviewed a selection of comparable companies to determine market conditions generally and consider the proposed number of Options to be granted will ensure that the Directors' overall remuneration is in line with market standards.
- (b) The grant of the Options as an incentive to ensure continuity of service.

### Related Party Transactions Generally

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

1. the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
2. prior shareholder approval is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, the Directors are considered to be related parties of the Company.

Resolutions 4 to 7 provide for the grant of Options to Directors which is a financial benefit that requires shareholder approval.

## Current Holdings

At the date of this Notice, the Directors have a relevant interest in the following securities of the Company.

Director	Number of Shares
Andrew Haythorpe	10,961,351
Alan Phillips	2,680,625
Michael Fry	1,773,150
James Becke	100,000

## Information Requirements

For the purposes of Chapter 2E of the Corporations Act the following information is provided.

Subject to shareholder approval, the following maximum number of Options are to be granted to the following related parties of the Company.

Director	Number of Options
Andrew Haythorpe	4,000,000
Alan Phillips	1,000,000
Michael Fry	1,000,000
James Becke	1,000,000

The remuneration and emoluments from the Company to the Related Parties for both the current financial year and previous financial year are:

Director	Current Financial Year	Previous Financial Year
Andrew Haythorpe	175,000	-
Alan Phillips	51,667	-
Michael Fry	31,000	25,000
James Becke	18,050	-

The trading history of the Shares on the ASX in the 12 months before the date of the Notice of Annual General Meeting is:

	Price	Date
Highest	27.5 cents	3 September 2009
Lowest	2.18 cents	16 February 2009
Last	18.5 cents	2 October 2009

## The nature of the financial benefit

The proposed financial benefit to be given is the grant of Options for no consideration to the Directors as noted above. The Options are exercisable at 45 cents each on or before 15 November 2013. The full terms and conditions of the Options to be granted are set out in Annexure A to this Explanatory Statement.

The value of the Director Options has been calculated using the Black-Scholes Option Pricing Model and the assumptions used are as follows:

<b>Assumptions:</b>	
Valuation Date	2 October 2009
Market price of shares	\$0.185
Exercise price	\$0.45
Expiry date	15 November 2013
Risk free interest rate	5.17%
Volatility	100%
Indicative value per Director Option	7.44 cents
Total Value of Director Options	\$520,800
Andrew Haythorpe	\$297,600
Alan Phillips	\$74,400
Michael Fry	\$74,400
James Becke	\$74,400

If all the options are granted and are exercised, the Company's Share Capital will be diluted by approximately 4.8% (based on the number of shares on issue at the date of the Notice of Meeting which is 138,563,068).

Mr Haythorpe declines to make a recommendation to Shareholders in relation to Resolution 4 due to his material personal interest in the outcome of the Resolution. The other Directors who do not have a material interest in the outcome of Resolution 4, recommend that Shareholders vote in favour of Resolution 4. The Board (other than Mr Haythorpe) are not aware of any other information that would be reasonably required by shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution.

Mr Phillips declines to make a recommendation to Shareholders in relation to Resolution 5 due to his material personal interest in the outcome of the Resolution. The other Directors who do not have a material interest in the outcome of Resolution 5, recommend that Shareholders vote in favour of Resolution 5. The Board (other than Mr Phillips) are not aware of any other information that would be reasonably required by shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution.

Mr Fry declines to make a recommendation to Shareholders in relation to Resolution 6 due to his material personal interest in the outcome of the Resolution. The other Directors who do not have a material interest in the outcome of Resolution 6, recommend that Shareholders vote in favour of Resolution 6. The Board (other than Mr Fry) are not aware of any other information that would be reasonably required by shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution.

Mr Becke declines to make a recommendation to Shareholders in relation to Resolution 7 due to his material personal interest in the outcome of the Resolution. The other Directors who do not have a material interest in the outcome of Resolution 7, recommend that Shareholders vote in favour of Resolution 7. The Board (other than Mr Becke) are not aware of any other information that would be reasonably required by shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution.

## ASX Listing Rule 10.11

Listing Rule 10.11 requires shareholders to approve the grant of Options to a Director. Listing Rule 10.11 broadly requires shareholders' approval by ordinary resolution to any issue by a listed company of securities to a related party.

### Additional Information

For the purposes of Listing Rule 10.13, the following information is provided to shareholders:

- (a) the Options will be granted to the Directors as noted above;
- (b) the maximum number of Options to be granted is 4,000,000;
- (c) the Options will be allotted and granted on a date which will be no later than one month after the date of this General Meeting, or such later date as approved by ASX by waiver;
- (d) the Options will be granted for no consideration;
- (e) no funds will be raised by the grant of the Options; and
- (f) the terms and conditions of the Options are set out in Annexure B to this Explanatory Statement.

### Listing Rule 7.1

As approval of shareholders is being sought pursuant to Listing Rule 10.11, approval under Listing Rule 7.1 is not required.

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## Resolution 8 Approval of the Issue of Options

Resolution 8 seeks Shareholder approval for the allotment and issue of up to 7,950,000 Options to the company secretary, specified employees and contractors (or their nominee) subject to the incumbent meeting the terms and conditions for the issue as described in these Explanatory Notes.

The Options are exercisable at \$0.45 per Option and are issued as an incentive option in lieu of long term incentives, in the amounts stated below, conditional upon the continued engagement with the company of the named recipients.

Liberty seeks to attract and retain high calibre executives into key positions and align its reward with the delivery of strategic objectives and the creation of value for shareholders.

The remuneration framework provides a mix of fixed and variable remuneration components.

The employees and contractors who are entitled to participate in the issue if the resolution is passed, and the number of options proposed to be issued to each is as follows:

Associate	Number of Options	Exercise Price	Expiry Date
Robert Hodby	1,000,000	\$0.45	15 November 2013
Rebecca Britten	250,000	\$0.45	15 November 2013
Tenille Bentley	500,000	\$0.45	15 November 2013
Peter Sallans	1,000,000	\$0.45	15 November 2013
Ian O'Loughlin	250,000	\$0.45	15 November 2013
David Taplin	1,000,000	\$0.45	15 November 2013
Rebecca Jarvis	250,000	\$0.45	15 November 2013
Jeff Wall	250,000	\$0.45	15 November 2013
Cameron Milner	250,000	\$0.45	15 November 2013
Andrew Spinks	1,000,000	\$0.45	15 November 2013
David Holden	1,000,000	\$0.45	15 November 2013
Lance Harcourt	1,200,000	\$0.45	15 November 2013

The Options will be issued within one month after the date of the meeting. The details of any options issued will be published in each annual report of the Company relating to the period in which options have been issued.

No consideration will be payable for the issue of these options and no loan will be made in connection with the acquisition or exercise of these options.

A summary of terms of the Options are set out in Annexure B to this Explanatory Statement.

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## **Resolution 9 – Directors and Employee Share Option Plan**

The Company proposes to adopt an Employee Share Option Plan (“Plan”), pursuant to which the Company can issue Options to eligible employees and consultants in order to provide them with an incentive to deliver growth and value to all Shareholders. A summary of principle terms of the DESOP are set out in Annexure A to this Explanatory Statement. A complete copy of the Plan is available free of charge on request.

Shareholder approval is sought for the issue of the Options to eligible participants of the Company for the purposes of Exception 9(b) of Listing Rule 7.2. If approval is given, Options issued under the Plan will be exempt from counting towards the 15% of the issued capital of the Company that can be issued in any 12 month period without Shareholders’ approval under Listing Rule 7.1.

### **Corporations Act Requirements**

Section 260A of the Corporations Act provides that a company may financially assist a person to acquire shares (or units in shares) in the company or a holding company of the company only if:

- a) giving the assistance does not materially prejudice the interests of the company or its shareholders or the company’s ability to pay its creditors; or
- b) the assistance is approved by shareholders under section 260B; or
- c) the assistance is exempted under section 260C.

Section 260C of the Corporations Act provides that financial assistance is exempted from section 260A if it is given under an employee share scheme that has been approved by a resolution passed at a general meeting of the company adopting the employee share scheme. In accordance with the definition in section 9 of the Corporations Act, an employee share scheme will include a scheme such as the DESOP.

Resolution 9, if passed, will allow options to be granted (and shares to be issued on exercise of those options) under the DESOP for 3 years after the date of the general meeting without the requirement to obtain shareholder approval for the giving of financial assistance. In this context, the “financial assistance” under the DESOP is the granting of options for nil consideration to an eligible employee of the Company to obtain shares in the Company.

## Listing Rules

Under Listing Rule 7.1, a listed company is generally prevented from issuing more securities (including shares and options) than would equate to (when all other issues of securities are aggregated) 15% of its share capital in any twelve month period, without first obtaining shareholder approval.

As a result, any issue of shares or options by the Company to Participants (as that term is defined in Annexure A to this Explanatory Statement) under the DESOP would reduce the Company's 15% capacity under Listing Rule 7.1.

Exception 9 of Listing Rule 7.2 allows the Company to issue securities without specific shareholder approval and without reducing the 15% capacity under Listing Rule 7.1 where shareholders of the Company have approved the issue of securities under the DESOP as an exception to Listing Rule 7.1, within three (3) years prior to the issue of the securities. Resolution 9 is being put to shareholders for this purpose and will allow the Company to utilise Listing Rule 7.2 Exception 9 for three (3) years from the date of the Resolution being passed.

Prior specific shareholder approval will be required before any director or related party of the Company can participate in the DESOP.

## Glossary

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In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

**AGM** means the annual general meeting of the Company to be held on 18 November 2009

**Annexure** means the annexure to this Explanatory Statement.

**ASX** means ASX Limited (ACN 008 624 691).

**Board** means the board of Directors.

**Option** means an option to subscribe for a Share on the terms and conditions set out in Annexure A.

**Company** means Liberty Resources Limited (ABN 103 348 947).

**Constitution** means the constitution of the Company.

**Corporate Representative** means a person appointed by a corporate Shareholder to act as its corporate representative at the General Meeting.

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

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

**Listing Rules** means the Listing Rules of ASX.

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

**Shareholder** means a shareholder of the Company.

## Annexure A

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### Principle Terms of the Liberty Resources Directors and Employees Share Option Plan

#### **Participants**

The Board may offer free Options to persons ("**Participants**") who are:

- (a) full-time or part-time employees;
- (b) Consultants; or
- (d) Directors,

of the Company or its associated bodies corporate based on a number of criteria including contribution to the Company, period of employment, potential contribution to the Company in the future and other factors the Board considers relevant.

Upon receipt of such an offer, the Participant may nominate an associate acceptable to the Board to be issued with the Options.

#### **Number of Options**

The maximum number of Options issued under the Plan at any one time is 15% of the total number of Shares on issue in the Company.

#### **Terms of Options**

Each Option entitles the holder, on exercise, to one ordinary fully paid share in the Company.

There is no issue price for the Options.

The exercise price for the Options will be such price as determined by the Board (in its discretion) on or before the date of issue provided that in no event shall the exercise price be less than 10% of the prevailing Market Price of Shares sold on ASX at the time of issue.

The expiry date of the Options will be as determined by the Board, being a date up to 5 years from the issue date of the Options.

Shares issued on exercise of Options will rank equally with other Shares.

Options may not be transferred other than to an associate of the holder or another participant.

Quotation of options on ASX will not be sought. However, the Company will apply to ASX for official quotation of Shares issued on the exercise of Options.

An Option will lapse upon the first to occur of the expiry date, the holder acting fraudulently or dishonestly in relation to the Company, the participant ceasing to be engaged by the Company.

#### **Future Issues of Shares**

##### **New Issues**

There are no participating rights or entitlements inherent in the Options and option holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. Option-holders shall be afforded the opportunity to exercise all Options which they are entitled to exercise pursuant to the Plan prior to the date for determining entitlements to participate in any such issue.

##### **Bonus Issues**

If the Company makes an issue of Shares to Shareholders by way of capitalisation of profits or reserves ("**Bonus Issue**"), each optionholder holding any Options which have not expired at the time of the record date for determining entitlements to the Bonus Issue shall be entitled to have issued to him upon exercise of any of those Options the number of Shares which would have been issued under the Bonus Issue ("**Bonus Shares**") to a person registered as holding the same number of Shares as that number of Shares to which the optionholder may subscribe pursuant to the exercise of those Options immediately before the record date determining entitlements under the Bonus Issue (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise).

**Reconstruction of Capital**

In the event of any reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the expiry of any Options, the number of Options to which each optionholder is entitled or the exercise price of his or her Options or both or any other terms will be reconstructed in a manner determined by the Board which complies with the provisions of the Listing Rules.

**Taxation**

Under current taxation laws any taxation liability in relation to the Options, or the Shares issued on exercise of the Options, will fall on the participants. The Company will not be liable to fringe benefits tax in relation to Options or Shares issued under the Plan.

**Participation by Directors**

Although Directors are eligible to be offered Options under the Plan, this first requires specific Shareholder approval due to the requirements of the ASX Listing Rules and the Corporations Act.

**Voting on the Resolution**

Votes of Shareholders who are Directors of the Company and their associates will be disregarded when determining the result of the resolution approving the Plan or any subsequent amendment to the Plan.

Those persons should not vote.

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## Annexure B

### Principle Terms and Conditions of Options

The Options granted will entitle the holder to subscribe for and be allotted Shares as follows:

- (a) A certificate will be issued for the Options.
- (b) The Options will lapse upon the first to occur of the expiry date, being 5.00pm Australian Western Standard Time on 15 November 2013, the holder acting fraudulently or dishonestly in relation to the Company, the participant ceasing to be engaged by the Company.
- (c) Subject to condition (m) the Option is a right in favour of the optionholder to subscribe for one fully paid ordinary share in the capital of the Company ("Share").
- (d) Shares allotted to optionholders on exercise of Options shall, be issued at a price of 45 cents each ("Exercise Price").
- (e) The Exercise Price of Shares the subject of the Options shall be payable in full on exercise of the Options.
- (f) Options shall be exercisable by the delivery to the registered office of the Company of a notice in writing stating the intention of the optionholder to:
  - (i) exercise all or a specified number of Options; and
  - (ii) pay the subscription monies in full for the exercise of each Option.
- (g) The notice must be accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. An exercise of only some Options shall not affect the rights of the optionholder to the balance of the Options held by him.
- (h) The Company shall allot the resultant Shares and deliver the share certificate or holding statement within five business days of the exercise of the Option.
- (i) Options may not be transferred other than to an associate of the holder.
- (j) Shares allotted pursuant to an exercise of Options shall rank, from the date of the allotment, equally with existing ordinary fully paid Shares of the Company in all respects.
- (k) The Company shall in accordance with the Listing Rules make application to have Shares allotted pursuant to an exercise of Options listed for official quotation.
- (l) In case of any entitlements issue (other than bonus issue) the Exercise Price of an Option may be reduced according to the following formula:

$$O^1 = O - E \left[ \frac{P - (S + D)}{N + 1} \right]$$

$$N + 1$$

Where:

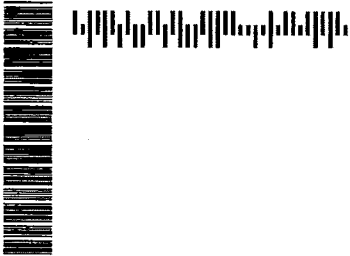
- $O^1$  = the new exercise price of the option
- $O$  = the old exercise price of the option
- $E$  = the number of underlying securities into which one option is exercisable
- $P$  = the average Market Price per security (weighted by reference to volume) of the underlying securities during the five (5) trading days ending on the day before the ex right date or the ex entitlements date
- $S$  = the subscription price for a security under the pro-rata issue
- $D$  = the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro-rata issue)
- $N$  = the number of securities which rights of entitlements that must be held to receive a right to one new security

In the case of a bonus issue the number of Shares over which the Option is exercisable may be increased by the number of Shares which the option holder would have received if the Option had been exercised before the record date for the bonus issue. The Company shall notify the ASX of the adjustments in accordance with the Listing Rules.

- (m) in the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company, the number of the Options or the exercise price of the Options or both shall be reconstructed (as appropriate) in accordance with the Listing Rules.
- (n) The Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Options
- (o) The Options do not give any right to participate in new issues unless the option holder exercises the Option.

**Register office**  
 Unit B2 431 Roberts Road  
 Subiaco, WA 6008  
 Ph: (08) 9388 8869  
 Fax: (08) 9388 8862

**Share Registry**  
 Advanced Share Registry Ltd  
 PO Box 1156  
 Nedlands, WA 6909  
 Ph: (08) 9389 8033  
 Fax: (08) 9389 7871  
 Website: www.advancedshare.com.au  
 Email: admin@advancedshare.com.au



I/We being a member/s of Liberty Resources Limited and entitled to attend and vote hereby appoint:

The Chairman of  
 the Meeting (mark  
 with an "X")

OR

If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered Securityholder) you are appointing as your proxy.

Or failing the individual or body corporate named, or if no individual or body corporate 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, as the proxy sees fit) at the Annual General Meeting of Liberty Resources Limited to be held on 10 November 2008 and at any adjournment of that meeting.

If you do not wish to direct your proxy how to vote, please place a mark in the box →→

By marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of the resolutions and votes cast by him other than as proxy holder will be disregarded because of that interest. The Chairman of the Meeting intends to vote any such undirected proxies in favour of all the resolutions, except where the Chairman of the Meeting has a personal interest in any particular resolution.

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

* RESOLUTIONS	FOR	AGAINST	ABSTAIN
1. Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Election of James Becke	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Re-election of Alan Phillips	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Issue of Options to Andrew Haythorpe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Issue of Options to Alan Phillips	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Issue of Options to Michael Fry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Issue of Options to James Becke	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Issue of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Adoption of Employee Share Option Plan	<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.

Shareholder 1

Sole Director/Secretary/Director

Shareholder 2

Director/Secretary

Shareholder 3

Sole Director and Secretary

Dated: \_\_\_/\_\_\_/2009

Contact Email address

Contact Telephone Number

Proxies may be lodged either by facsimile on (08) 9388 8869, by mail or delivery to the registered office of the Company at Unit B2, 431 Roberts Road, Subiaco, 6008, Western Australia. To be valid, a proxy form must be received by the Company no later than 48 hours before the time appointed for the Annual General Meeting. For assistance in completing this form, please refer over.

## INSTRUCTIONS FOR COMPLETION OF THE PROXY FORM

### Shareholders Name

This is the name of the Shareholder as it appears on the Company's share register. In accordance with regulation 7.11.37 of the Corporations Regulations 2001, the Company determines that ordinary shares held as at 5.00pm on 8 November 2008 will be taken, for the purposes of the Annual General Meeting, to be held by the persons who held them at that time.

### Appointment of Proxy

A shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two other persons (whether shareholders or not) as proxy or proxies to attend in the shareholder's place at the Annual General Meeting. The proxy has the same right as the shareholder to speak and vote at the Annual General Meeting. If you leave this section blank, the Chairman of the meeting will be your proxy to vote your shares even if you attend the Annual General Meeting (unless you revoke your proxy before the meeting).

### Vote on Resolutions

You may direct your proxy how to vote by placing a mark in one of the boxes opposite the resolution/s you wish to direct your proxy to vote on. If you do so, all your shares will be voted in accordance with your direction. You can split your vote on any resolution/s by inserting the number/s of shares you wish to vote in the appropriate box/es. Please ensure you clearly mark the box in black or blue ink by placing a mark or the number of shares you are voting.

### Appointing a Second Proxy

If a shareholder appoints two proxies, each proxy may be appointed to represent a specific proportion of the Shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the Shareholder's voting rights. Fractions shall be disregarded.

### Contact Telephone

This will help us if there are any problems with your proxy form.

### Signature(s)

Each shareholder must sign this form. If your shares are held in joint names, all shareholders must sign in the boxes. If you are signing as an Attorney, then the Power of Attorney must have been noted by the Company or be duly stamped and accompany this form. Only duly authorised officer(s) can sign on behalf of a Company. Please sign in the boxes provided which state the office held by the signatory.

### Delivery of Proxy

To be effective, forms to appoint proxies must be received by the Company no later than 48 business hours before the time appointed for the holding of this Annual General Meeting, that is by 10 am on **Monday 16 November 2009**, by post or facsimile to the respective addresses stipulated in this proxy form.

### Chairman's Voting Intentions

The Chairman intends to vote in favour of the resolutions set out in the Notice.

For personal use only