
BUXTON RESOURCES LIMITED
ACN 125 049 550

NOTICE OF GENERAL MEETING
EXPLANATORY STATEMENT AND
PROXY FORM

TIME: 12 noon (WST)

DATE: 27 July 2018

PLACE: Steve's Wine Cellar
30 The Avenue
Nedlands, Western Australia

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

Should you wish to discuss the matters I this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 6161 7412.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Meeting of Shareholders to which this Notice of Meeting relates to will be held at 12 noon (WST) 27 July 2018 at:

Steve's Wine Cellar
30 The Avenue
Nedlands, Western Australia

YOUR VOTE IS IMPORTANT

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

VOTING IN PERSON

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

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed proxy form and return by:

Online:

At www.investorvote.com.au

By Mobile:

Scan the QR Code on your Proxy form and follow the prompts

By Mail to:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne, Victoria 3001
Australia

By Facsimile to:

1800 783 447
(within Australia) or
+61 3 9473 2555
(outside Australia)

By Hand to:

Computershare Investor Services Pty Limited
Level 11
172 St Georges Terrace
Perth, Western Australia 6000

so that it is received not later than 12 noon (WST) on 25 July 2018.

Proxy forms received later than this time will be invalid.

BUXTON RESOURCES LIMITED
ACN 125 049 550

NOTICE OF GENERAL MEETING

Notice is hereby given that the General Meeting of the Shareholders of Buxton Resources Limited will be held at Steve's Wine Cellar, 30 The Avenue, Nedlands, Western Australia on 27 July 2018 at 12 noon (WST) for the purpose of transacting the following business.

The attached Explanatory Statement is provided to supply Shareholders with information to enable Shareholders to make an informed decision regarding the Resolutions set out in this Notice. The Explanatory Statement is to be read in conjunction with this Notice.

AGENDA

ORDINARY BUSINESS

RESOLUTION 1 – APPROVAL OF EMPLOYEE INCENTIVE SCHEME

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

"That, for the purposes of Listing Rule 7.2 Exception 9(b) and for all other purposes Shareholders approve the issue of securities under the "Employee Incentive Plan" for a period of 3 years commencing on the date of this Meeting on the terms and conditions set out in the Explanatory Statement."

Short Explanation: The Company is seeking to rely on Listing Rule 7.2 exception 9(b) which provides that Listing Rules 7.1 and 7.1A do not apply to an issue of securities under an employee incentive scheme that has been approved by shareholders and the issue of securities is within 3 years from the date of shareholder approval. The Employee Incentive Plan was adopted by the Board in October 2015 and last approved by Shareholders for the purposes of Listing Rule 7.2 exception 9(b) on 30 November 2015.

Voting exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of the Directors of the Company and any of their associates. However, the Company need not disregard a vote cast on this Resolution if:

- (a) it is cast by a person 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 the chair of the Meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

Restriction on proxy voting by key management personnel or closely related parties: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of key management personnel for the Company; or
 - (ii) a closely related party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the chair of the meeting provided the chair is not the related party the subject of the Resolution or is an associate of the related party; and
- (d) the appointment expressly authorises the chair of the Meeting to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company.

Where the chair is the related party the subject of the Resolution or is an associate of the related party, the chair cannot cast undirected proxies in respect of the Resolution.

RESOLUTION 2 – ISSUE OF OPTIONS TO EAMON HANNON

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

“That for the purposes of Listing Rule 10.14 and section 208 of the Corporations Act, the Shareholders approve the issue of up to 2,000,000 Options to Mr Eamon Hannon, a director of the Company, or his nominee(s) on the terms and conditions set out in the Explanatory Statement.”

Short Explanation: The Company proposes to issue Options to Mr Hannon, a Director, under the Employee Incentive Plan. Shareholder approval is required under the Listing Rules and the Corporations Act.

Voting exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of the Directors of the Company and any of their associates. However, the Company need not disregard a vote cast on this Resolution if:

- (a) it is cast by a person 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 the chair of the Meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

Restriction on proxy voting by key management personnel or closely related parties: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of key management personnel for the Company; or
 - (ii) a closely related party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the chair of the meeting provided the chair is not the related party the subject of the Resolution or is an associate of the related party; and
- (d) the appointment expressly authorises the chair of the Meeting to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company.

Where the chair is the related party the subject of the Resolution or is an associate of the related party, the chair cannot cast undirected proxies in respect of the Resolution.

RESOLUTION 3 – ISSUE OF OPTIONS TO SEAMUS CORNELIUS

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

"That for the purposes of Listing Rule 10.14 and section 208 of the Corporations Act, the Shareholders approve the issue of up to 600,000 Options to Mr Seamus Cornelius, a director of the Company, or his nominee(s) on the terms and conditions set out in the Explanatory Statement."

Short Explanation: The Company proposes to issue Options to Mr Cornelius, a Director, under the Employee Incentive Plan. Shareholder approval is required under the Listing Rules and the Corporations Act.

Voting exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of the Directors of the Company and any of their associates. However, the Company need not disregard a vote cast on this Resolution if:

- (a) it is cast by a person 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 the chair of the Meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

Restriction on proxy voting by key management personnel or closely related parties: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of key management personnel for the Company; or
 - (ii) a closely related party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the chair of the meeting provided the chair is not the related party the subject of the Resolution or is an associate of the related party; and
- (d) the appointment expressly authorises the chair of the Meeting to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company.

Where the chair is the related party the subject of the Resolution or is an associate of the related party, the chair cannot cast undirected proxies in respect of the Resolution.

RESOLUTION 4 – ISSUE OF OPTIONS TO ANTHONY MASLIN

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

"That for the purposes of Listing Rule 10.14 and section 208 of the Corporations Act, the Shareholders approve the issue of up to 600,000 Options to Mr Anthony Maslin, a director of the Company, or his nominee(s) on the terms and conditions set out in the Explanatory Statement."

Short Explanation: The Company proposes to issue Options to Mr Maslin, a Director, under the Employee Incentive Plan. Shareholder approval is required under the Listing Rules and the Corporations Act.

Voting exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of the Directors of the Company and any of their associates. However, the Company need not disregard a vote cast on this Resolution if:

- (a) it is cast by a person 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 the chair of the Meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

Restriction on proxy voting by key management personnel or closely related parties: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of key management personnel for the Company; or
 - (ii) a closely related party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the chair of the meeting provided the chair is not the related party the subject of the Resolution or is an associate of the related party; and
- (d) the appointment expressly authorises the chair of the Meeting to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company.

Where the chair is the related party the subject of the Resolution or is an associate of the related party, the chair cannot cast undirected proxies in respect of the Resolution.

RESOLUTION 5 – ISSUE OF OPTIONS TO STUART FOGARTY

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

"That for the purposes of Listing Rule 10.14 and section 208 of the Corporations Act, the Shareholders approve the issue of up to 600,000 Options to Mr Stuart Fogarty, a director of the Company, or his nominee(s) on the terms and conditions set out in the Explanatory Statement."

Short Explanation: The Company proposes to issue Options to Mr Fogarty, a Director, under the Employee Incentive Plan. Shareholder approval is required under the Listing Rules and the Corporations Act.

Voting exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of the Directors of the Company and any of their associates. However, the Company need not disregard a vote cast on this Resolution if:

- (a) it is cast by a person 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 the chair of the Meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

Restriction on proxy voting by key management personnel or closely related parties: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of key management personnel for the Company; or
 - (ii) a closely related party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the chair of the meeting provided the chair is not the related party the subject of the Resolution or is an associate of the related party; and
- (d) the appointment expressly authorises the chair of the Meeting to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company.

Where the chair is the related party the subject of the Resolution or is an associate of the related party, the chair cannot cast undirected proxies in respect of the Resolution.

RESOLUTION 6 – ISSUE OF OPTIONS TO FENG (FRANK) XUE

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

"That for the purposes of Listing Rule 10.14 and section 208 of the Corporations Act, the Shareholders approve the issue of up to 600,000 Options to Mr Feng (Frank) Xue, a director of the Company, or his nominee(s) on the terms and conditions set out in the Explanatory Statement."

Short Explanation: The Company proposes to issue Options to Mr Xue, a Director, under the Employee Incentive Plan. Shareholder approval is required under the Listing Rules and the Corporations Act.

Voting exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of the Directors of the Company and any of their associates. However, the Company need not disregard a vote cast on this Resolution if:

- (a) it is cast by a person 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 the chair of the Meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

Restriction on proxy voting by key management personnel or closely related parties: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of key management personnel; or
 - (ii) a closely related party of such a member provided the chair is not the related party the subject of the Resolution or is an associate of the related party; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the chair of the meeting; and
- (d) the appointment expressly authorises the chair of the Meeting to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company.

Where the chair is the related party the subject of the Resolution or is an associate of the related party, the chair cannot cast undirected proxies in respect of the Resolution.

VOTING AND PROXIES

1. 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. A proxy need not be a Shareholder of the Company.
2. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by the person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
3. The chair of the Meeting will vote undirected proxies in favour of all Resolutions.

In relation to all the Resolutions the proxy form expressly authorises the chair of the Meeting to exercise the proxy even though the Resolutions are connected directly or indirectly with the remuneration of a member of the key management personnel. Any undirected proxies held by a Director, any member of the key management personnel or any of their closely related parties (who are not the chair of the Meeting) will not be voted on the Resolutions. The voting exclusion statement for the Resolutions addresses an exception to the undirected proxy position.

Key management personnel of the Company are the Directors and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Closely related parties are defined in the Corporations Act, and include certain family members, dependants and companies controlled by key management personnel.

4. In accordance with Regulation 7.11.37 of the Corporations Act, the Directors have set a date to determine the identity of those entitled to attend and vote at the Meeting. The date is 25 July 2018 at 4:00pm (WST).
5. A proxy form is attached. If required it should be completed, signed and returned to the Company's registered office in accordance with the instructions on that form.

By order of the Board



Sam Wright
Company Secretary
18 June 2018

BUXTON RESOURCES LIMITED
ACN 125 049 550

EXPLANATORY STATEMENT

This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in this Notice.

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

1. RESOLUTION 1 - APPROVAL OF EMPLOYEE INCENTIVE SCHEME

1.1 Background

The Board adopted the Employee Incentive Plan in October 2015 to enable the Company to issue any of Options, performance rights or Shares to eligible participants being employees (full and part-time), directors, relevant contractors, casual employees and prospective parties in these capacities.

The Employee Incentive Plan is intended to provide an opportunity to eligible participants to participate in the Company's future growth.

A copy of the Employee Incentive Plan will be made available for inspection at the Meeting. A summary of the Employee Incentive Plan is set out in Annexure 1.

1.2 Regulatory Requirements

Shareholder approval is not required under the Corporations Act or the Listing Rules for the operation of the Employee Incentive Plan. However, Shareholder approval is being sought to allow the Company to rely on an exception to the calculation of the placement limits imposed by Listing Rules 7.1 and 7.1A on the number of securities that may be issued without shareholder approval. Listing Rule 7.2 exception 9(b) provides that Listing Rules 7.1 and 7.1A do not apply to an issue of securities under an employee incentive scheme that has been approved by shareholders and the issue of securities is within 3 years from the date of shareholder approval of the issue of securities under the employee incentive scheme.

The Employee Incentive Plan was last approved by Shareholders for the purposes of Listing Rule 7.2 exception 9(b) on 30 November 2015. The number of securities issued under the Employee Incentive Plan since the last approval is 10,500,000 Options.

If an offer is made to a Director to participate in the Employee Incentive Plan then separate Shareholder approval will need to be obtained.

1.3 Recommendation

The Board recommends that Shareholders again approve the issue of securities under the Employee Incentive Plan for the purposes of Listing Rule 7.2 exception 9(b). It will allow the Company to issue securities for the benefit of participants of the Employee Incentive Plan whilst preserving the Company's placement limits of issuing securities and provide flexibility in the manner in which the Employee Incentive Plan is managed.

2. RESOLUTIONS 2 TO 6 - ISSUE OF OPTIONS TO DIRECTORS

2.1 Background

Resolutions 2 to 6 seek Shareholder approval so that the Company may issue Options to Messrs Hannon, Cornelius, Maslin, Fogarty and Xue under the terms of the Employee Incentive Plan.

2.2 Chapter 2E of the Corporations Act - Related Party Transaction

The proposed issue of Options to Messrs Hannon, Cornelius, Maslin, Fogarty and Xue as Directors in each case is a financial benefit to a related party requiring Shareholder approval under the Corporations Act in the absence of a specified exception applying.

The following information is provided to Shareholders in relation to the Resolutions.

(a) The Related Party to whom the Proposed Resolutions would permit the Financial Benefit to be given

The related parties are Eamon Hannon (Resolution 2), Seamus Cornelius (Resolution 3), Anthony Maslin (Resolution 4), Stuart Fogarty (Resolution 5) and Feng (Frank) Xue (Resolution 6) or their nominees.

(b) The Nature of the Financial Benefit

The proposed financial benefit to be given is the issue of up to:

- (i) 2,000,000 Options to Eamon Hannon (or his nominee);
- (ii) 600,000 Options to Seamus Cornelius (or his nominee);
- (iii) 600,000 Options to Anthony Maslin (or his nominee);
- (iv) 600,000 Options to Stuart Fogarty (or his nominee); and
- (v) 600,000 Options to Feng (Frank) Xue (or his nominee).

The terms of the Options are set out in Annexure 2.

(c) Reasons and basis for giving the benefit and Directors Recommendation

The Board currently consists of Eamon Hannon, Seamus Cornelius, Anthony Maslin, Stuart Fogarty and Feng (Frank) Xue.

By the Resolutions the Directors will each receive Options.

The Directors have, and continue to be paid, what the Directors consider is less than their industry peers in order to direct the maximum funds towards creating value for all Shareholders. This is in line with the Company's general policy of non-cash based incentives in lieu of reduced wages.

The number of Options to be issued to each Director and the terms of the Options was negotiated by the Directors independent of that particular Director. The Options will be issued under the Employee Incentive Plan. The Board considers the number of the Options to be issued and their terms is appropriate in light of that Director's skill and experience and their remuneration as detailed below. The Options incentivise without a cash outlay by the Company.

The Board considers the issue of Options to be reasonable in the circumstances given the Company's size and stage of development and the importance of maintaining the Company's cash reserves.

The independent Directors in each case recommend that Shareholders vote in favour of the Resolutions.

Eamon Hannon abstains from making a recommendation to Shareholders on Resolution 2 as he has a material personal interest in the outcome as the recipient of the Options.

Seamus Cornelius abstains from making a recommendation to Shareholders on Resolution 3 as he has a material personal interest in the outcome as the recipient of the Options.

Anthony Maslin abstains from making a recommendation to Shareholders on Resolution 4 as he has a material personal interest in the outcome as the recipient of the Options.

Stuart Fogarty abstains from making a recommendation to Shareholders on Resolution 5 as he has a material personal interest in the outcome as the recipient of the Options.

Feng (Frank) Xue abstains from making a recommendation to Shareholders on Resolution 6 as he has a material personal interest in the outcome as the recipient of the Options.

(d) **Dilution**

The passing of the Resolutions would have the effect of issuing up to 4,400,000 Options.

If any of the Options are exercised into Shares, the effect would be to dilute the shareholding of existing Shareholders. If all the 4,400,000 Options were exercised into Shares, the effect would be to dilute the shareholding of the existing Shareholders by approximately 3.82% based on the total number of Shares on issue at the date of this Notice being 110,850,822 Shares.

The actual dilution will depend on the extent of further equity raised by the Company and whether any of the Options are exercised.

(e) **Total Remuneration Package of Related Parties**

The remuneration received by Eamon Hannon is \$180,000 per annum as managing director including any superannuation.

The remuneration received by Seamus Cornelius is \$40,000 per annum as a Director's fee including any superannuation.

The remuneration received by Anthony Maslin is \$25,000 per annum plus superannuation.

The remuneration received by Stuart Fogarty is \$25,000 per annum as a Director's fee including superannuation.

Feng (Frank) Xue does not receive any remuneration.

(f) **Existing Relevant Interests**

At the date of this Notice, Messrs Hannon, Cornelius, Maslin, Fogarty and Xue and their associates have the following relevant interest in securities of the Company.

	Shares	Unlisted Options exercise price 28 cents expiry date 15.11.17	Unlisted Options exercise price 24 cents expiry date 7.11.18	Unlisted Options exercise price 12 cents expiry date 30.11.19	Unlisted Options exercise price 15 cents expiry date 13.11.19
Eamon Hannon	350,000	0	1,000,000	2,000,000	1,200,000
Seamus Cornelius	1,432,055	500,000	600,000	1,200,000	800,000
Anthony Maslin	791,197	1,000,000	600,000	1,200,000	800,000
Stuart Fogarty	0	500,000	600,000	0	0
Feng (Frank) Xue	0	0	0	0	800,000

(g) **Trading History**

The following table gives details of the highest, lowest and the latest closing price of the Company's Shares trading on the ASX over the last 12 months.

	Date	Closing Price
Highest Price	17 July 2017	27 cents
Lowest Price	6 to 10 November 2017	10 cents
Latest Price	5 June 2018	13 cents

(h) **Valuation of Options**

The Options will not be quoted on ASX.

The Company has valued the Options to be granted to the Directors or their nominees using the Black-Scholes model.

The following assumptions have been made regarding the inputs required for the option valuation model:

Input		Note
Number of Options to related parties	4,400,000	
Underlying security spot price	13.5 cents	1
Exercise price	19 cents	
Dividend rate	0%	2
Volatility rate	93.7%	3
Risk free rate	2.1%	4
Expiry Date	30 June 2021	

Note 1 The underlying security spot price used for the purposes of this valuation is based on the closing price of Shares on 30 May 2018 which was 13.5 cents.

Note 2 A dividend rate of 0% has been assumed as the Company has no history of dividends and is not expected to pay dividends over the life of the Options.

Note 3 A volatility rate of 93.7% has been adopted. This rate has been calculated by reference to the volatility of the Company's Shares over the last 2 and 3 years up until 31 May 2018.

Note 4 The risk free rate is 2.1% based on the 3 year Commonwealth Government bond rate at 31 May 2018.

No discount rate has been applied for the lack of marketability even though the Options will not be listed on ASX and are not transferable except with the written consent of the Board.

Based on the above assumptions the Options proposed to be issued to the Directors have been valued as follows:

Number and Value of Options	
	Options
Eamon Hannon	2,000,000 Options – 7.1 cents per Option (total value - \$142,000)
Seamus Cornelius	600,000 Options – 7.1 cents per Option (total value - \$42,600)
Anthony Maslin	600,000 Options – 7.1 cents per Option (total value - \$42,600)
Stuart Fogarty	600,000 Options – 7.1 cents per Option (total value - \$42,600)
Feng (Frank) Xue	600,000 Options – 7.1 cents per Option (total value - \$42,600)

(i) **Other Information**

The Directors are not aware of any other information that is reasonably required by Shareholders to allow them to make a decision as to whether it is in the best interests of the Company to pass the Resolutions.

2.3 Listing Rule 10.14

Listing Rule 10.11 provides that a company must not issue securities to a director of the company under an employee incentive scheme unless the issue has been approved by shareholders by ordinary resolution. If approval is given by shareholders under Listing Rule 10.14, separate shareholder approval is not required under Listing Rule 10.11.

Approval pursuant to Listing Rule 7.1 is not required in order to issue securities to Directors under the Resolutions as approval is being obtained under Listing Rule 10.14. Accordingly, the issue of the securities to Directors will not be included in the 15% calculation of the Company's annual placement capacity pursuant to Listing Rule 7.1.

Under the Resolutions, the Company seeks approval from Shareholders for the issue of Options to Messrs Hannon, Cornelius, Maslin, Fogarty and Xue as Directors who are each related parties of the Company.

For the purposes of Listing Rule 10.15, the following information is provided:

- (a) The Options will be issued to Eamon Hannon, Seamus Cornelius, Anthony Maslin, Stuart Fogarty and Feng (Frank) Xue as Directors.
- (b) The maximum number of Options that will be issued to the related parties is 4,400,000 Options.
- (c) No monetary consideration is payable for the issue of the Options.
- (d) Since the Employee Incentive Plan was last approved by Shareholders at the 2015 annual general meeting, the Directors and associates who have received securities under the Employee Incentive Plan are:
 - Eamon Hannon – 2,000,000 Options (prior to becoming a Director) (exercise price 12 cents and expiry date 30 November 2019) for nil cash consideration and 1,200,000 Options (exercise price of 15 cents and expiry date of 30 November 2019) for nil consideration;
 - Seamus Cornelius – 1,200,000 Options (exercise price 12 cents and expiry date 30 November 2019) for nil cash consideration and 800,000 Options (exercise price of 15 cents and expiry date of 30 November 2019) for nil consideration;
 - Anthony Maslin – 1,200,000 Options (exercise price 12 cents and expiry date 30 November 2019) for nil cash consideration and 800,000 Options (exercise price of 15 cents and expiry date of 30 November 2019) for nil consideration;
 - Feng (Frank) Xue – 800,000 Options (exercise price of 15 cents and expiry date of 30 November 2019) for nil consideration;
 - Liu Xing Zhou (a former Director) – 1,200,000 Options (exercise price 12 cents and expiry date 30 November 2019) for nil cash consideration.

- (e) All the Directors (being Eamon Hannon, Seamus Cornelius, Anthony Maslin, Stuart Fogarty and Feng (Frank) Xue) are entitled to participate in the Employee Incentive Plan.
- (f) No loans will be provided to Directors in respect of the issue of the Options.
- (g) The Options will be issued no later than 12 months after the date of Shareholder approval.

BUXTON RESOURCES LIMITED
ACN 125 049 550

GLOSSARY

In the Notice and this Explanatory Statement the following expressions have the following meanings:

"**ASX**" means the ASX Limited (ABN 98 008 624 691).

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

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

"**Business Day**" has the same meaning as in the Listing Rules.

"**Chair**" or "**Chairman**" means the chairman of the Company.

"**Company**" or "**Buxton Resources**" means Buxton Resources Limited (ACN 125 049 550).

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

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

"**Directors**" means the directors of the Company from time to time.

"**Employee Incentive Plan**" means the Buxton Employee Incentive Plan adopted by the Board in October 2015 with the terms summarised in Annexure 1.

"**Explanatory Statement**" means this Explanatory Statement.

"**Meeting**" or "**General Meeting**" means the meeting convened by this Notice.

"**Notice**" means the notice of meeting that accompanies this Explanatory Statement.

Option means a right, but not an obligation to acquire a fully paid ordinary share in the capital of the Company.

"**Resolution**" means a resolution referred to in the Notice.

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

"**Shareholder**" means a registered holder of a Share.

"**WST**" or "**Western Standard Time**" means Western Standard Time, Perth, Western Australia.

ANNEXURE 1 – SUMMARY OF TERMS OF EMPLOYEE INCENTIVE SCHEME

(Resolution 1)

- 1. Purpose**

The purpose of the Employee Incentive Plan is to provide an incentive for eligible participants to participate in the future growth of the Company and to offer any of Options, performance rights or Shares to assist with reward, retention, motivation and recruitment of eligible participants.
- 2. Eligible Participants**

Eligible participants are a full or part-time employee, or a director of the Company or a subsidiary, relevant contractors, casual employees and prospective parties in these capacities ("**Eligible Participants**").
- 3. Offers**

Subject to any necessary Shareholder approval, the Board may offer Options, performance rights or Shares to Eligible Participants for nil consideration.
- 4. Expiry Date**

The expiry date of any Options or performance rights will be determined by the Board.
- 5. Vesting Conditions and Lapse**

An Option or performance right may only be exercised after it has vested and before its expiry date. The Board may determine the conditions upon the vesting of the options or performance rights at its discretion. By way of example, the Board may impose Share price and/or continuous service vesting hurdles.

An Option or performance right lapses upon various events including a vesting condition not being satisfied, a participant ceasing to be an Eligible Participant (except for certain matters such as death or retirement) and upon misconduct by a participant.
- 6. Shares issued on vesting**

Each Option or performance right entitles the holder to one fully paid ordinary share on vesting.
- 7. Transferability and quotation**

An Option or performance right may not be transferred without the prior written approval of the Board or by force of law. Quotation of the Options or performance rights on the ASX will not be sought. However, the Company will apply for official quotation of Shares issued on vesting of the options or performance rights.
- 8. No voting or dividend rights**

The Options or performance rights are personal and do not confer any entitlement to attend or vote at meetings, any entitlement to dividends or any entitlement to participate in any return of capital unless the Options or performance rights are vested and the underlying Shares have been issued.

- 9. No participation rights** The Options or performance rights do not entitle the holder to participate in the issue of securities unless the Options or performance rights are vested and Shares have been issued before the record date for determining entitlements.
- 10. Limitation on number of securities** Securities to be issued under the Employee Incentive Plan when aggregated with the number of Shares issued during the previous 5 years under any employee incentive scheme of the Company must not exceed 5% of the total number of Shares on issue at the time of the relevant offer. Various excluded offers may be disregarded so as to not count for the 5% limit.
- 11. Administration of the Employee Incentive Plan** The Employee Incentive Plan will be administered under the directions of the Board and the Board may determine procedures for the administration of the Employee Incentive Plan as it considers appropriate.
- 12. Operation** The operation of the Employee Incentive Plan is subject to the Listing Rules and the Corporations Act.
- 13. Application of Subdivision 83A-C of the *Income Tax Assessment Act 1997 (Cth)*** Subdivision 83A-C (deferred inclusion of gain in assessable income) of the *Income Tax Assessment Act 1997 (Cth)* applies to the Employee Incentive Plan and holders of securities issued under the Employee Incentive Plan may agree to a restriction period for the disposal or transfer of the securities including any underlying securities.

ANNEXURE 2 – TERMS OF OPTIONS

(Resolutions 2 to 6)

1. Each Option entitles the holder to subscribe for one (1) Share.
2. The Options are exercisable at any time prior to 5.00pm WST, 30 June 2021 ("**Expiry Date**") and any Options not exercised before the Expiry Date will automatically lapse on the Expiry Date.
3. The exercise price is 19 cents per Share.
4. The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
5. An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of options being exercised (**Exercise Notice**); and
 - (ii) a cheque or electronic funds transfer for the exercise price for the number of Options being exercised;
6. An Exercise Notice is only effective when the Company has received the full amount of the exercise price in cleared funds.
7. Within 10 business days of receipt of the Exercise Notice accompanied by the exercise price, the Company will issue the number of Shares required under these terms in respect of the number of Options specified in the Exercise Notice.
8. The Options are not transferable except with the prior written consent of the Board of Directors of the Company.
9. All Shares issued upon the exercise of Options will upon issue rank equally in all respects with other Shares.
10. The Company will not apply for quotation of the Options on ASX. However, The Company will apply for quotation of all Shares issued pursuant to the exercise of Options on ASX within 10 business days after the date of issue of those Shares.
11. If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
12. If the Company makes a pro rata issue (other than a bonus issue), the exercise price of the Options on issue will be changed in accordance with the formula prescribed in the Listing Rules.
13. There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
14. If there is a bonus issue to the holders of Shares, then the number of Shares over which the option is exercisable will be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.

