

DUKETON MINING LIMITED
ACN 159 084 107

NOTICE OF ANNUAL GENERAL MEETING

AND

EXPLANATORY MEMORANDUM

AND

PROXY FORM

Date of Meeting

29 November 2013

Time of Meeting

10:00 am

Place of Meeting

Ground Floor, 31 Ventnor Ave
WEST PERTH WA 6005

This Notice of Annual General Meeting 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 prior to voting.

The 2013 Annual Report may be viewed on the Company's website at www.duketonmining.com.au

DUKETON MINING LIMITED
ACN 159 084 107
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of Duketon Mining Limited (**Company**) will be held at Ground Floor, 31 Ventnor Avenue, West Perth, Western Australia on 29 November 2013 at 10:00 am (**Meeting**) for the purpose of transacting the following business.

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

Terms used in this Notice will, unless the context otherwise requires, have the same meaning given to them in the glossary contained in the Explanatory Memorandum.

2013 Financial Statements

To receive the financial statements of the Company for the year ended 30 June 2013, consisting of the annual financial report, the Directors' report and the auditor's report.

Resolution 1 – Election of Dennis Wilkins as a Director

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

"That for the purpose of clause 6.3 of the Constitution and for all other purposes, Dennis Wilkins, retires by rotation as a Director, and being eligible, having offered himself for re-election, is re-elected as a Director."

Resolution 2 – Election of Stuart Fogarty as a Director

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

"That for the purpose of clause 6.3 of the Constitution and for all other purposes, Stuart Fogarty, who was appointed to the Board since the previous Annual General Meeting of the Company, retires as a Director, and being eligible, having offered himself for re-election, is re-elected as a Director."

Resolution 3 – Approval of Options to Stuart Fogarty

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

"That for the purpose of section 208 of the Corporations Act and for all other purposes, Shareholders approve and authorise the Company to issue up to 2,500,000 options with an exercise price of \$0.25 each, expiring on 5 years from the date of issue and otherwise on the terms set out in the Explanatory Memorandum, to Stuart Fogarty, or his nominee, for nil consideration."

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

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

However, the above prohibition does not apply if:

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

Resolution 4 – Approval of Options to Stuart Fogarty

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

“That for the purpose of section 208 of the Corporations Act and for all other purposes, Shareholders approve and authorise the Company to issue up to 2,000,000 options with an exercise price of \$0.35 each, expiring 5 years from the date of issue and otherwise on the terms set out in the Explanatory Memorandum, to Stuart Fogarty, or his nominee, for nil consideration.”

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

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

However, the above prohibition does not apply if:

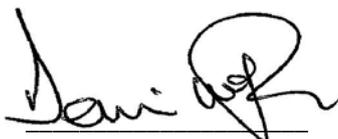
- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

A Proxy Form is attached.

To be valid, properly completed Proxy Forms must be received by the Company's Share Registry no later than 10:00 am (WST) on 27 November 2013:

- by post to Security Transfer Registrars, PO Box 535, Applecross WA 6953;
- by facsimile on +61 8 9315 2233; or
- by email to registrar@securitytransfer.com.au

By order of the Board



Dennis Wilkins

Company Secretary

Date: 23 October 2013

PROXIES

A Shareholder entitled to attend and vote at the above meeting may 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.

A proxy may, but need not be, a Shareholder of the Company.

The instrument appointing the proxy must be in writing, executed by the appointor or his attorney duly authorised in writing or, if such appointor is a corporation, either under seal or under hand of an officer duly authorised.

The instrument of proxy (and the power of attorney or other authority, if any, under which it is signed) must be lodged by person, post, courier or facsimile and reach the registered office of the Company at least 48 hours prior to the meeting. For the convenience of Shareholders a Proxy Form is enclosed.

ENTITLEMENT TO VOTE

For the purposes of regulation 7.11.37 of the Corporations Regulations 2001, the Company determines that members holding Shares at 4.00 pm Perth time on 27 November 2013 will be entitled to attend and vote at the AGM.

CORPORATIONS

A corporation may elect to appoint a representative in accordance with the Corporations Act, in which case the Company will require written proof of the representative's appointment, which must be lodged with, or presented to the Company before the meeting.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the Shareholders of Duketon Mining Limited ACN 159 084 107 (**Company**) in connection with the business to be conducted at the Annual General Meeting of the Company to be held at Ground Floor, 31 Ventnor Avenue, West Perth, Western Australia, on 29 November 2013 commencing at 10:00 am (WST).

This Explanatory Memorandum should be read in conjunction with, and form part of, the accompanying notice.

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

Terms used in this Explanatory Memorandum will, unless the context otherwise requires, have the same meaning given to them in the glossary as contained in this Explanatory Memorandum.

At the AGM, Shareholders will be asked to consider the following resolutions:

- re-electing Mr Dennis Wilkins as a Director, who retire by rotation in accordance with the Company's Constitution;
- re-electing Mr Stuart Fogarty as a Director, who was appointed to fill a casual vacancy in accordance with the Company's Constitution; and
- Approval of issue of Options to Mr Stuart Fogarty.

Financial and Other Reports

As required by Section 317 of the Corporations Act, the financial statements for the year ended 30 June 2013 and the accompanying Directors report, Directors' declaration and auditor's report will be laid before the meeting.

Neither the Corporations Act, nor the Company's Constitution requires a vote on the reports. However, the Shareholders will have an opportunity to ask questions about the reports at the AGM.

Resolution 1 – Election of Dennis Wilkins as a Director

1.1 Introduction

Mr Dennis Wilkins was appointed as a Non-Executive Director on 28 November 2012.

The Company's Constitution requires that one third of the Company's directors to retire at each AGM. Accordingly, Mr Wilkins will retire by rotation and, being eligible, offers himself for re-election.

Resolution 1 is an ordinary resolution, requiring it to be passed by a simple majority of votes cast by the Shareholders entitled to vote on it.

1.2 Director's Biography

Mr Wilkins is the founder and principal of DWCorporate Pty Ltd a leading privately held corporate advisory firm servicing the natural resources industry. Since 1994 he has been a director of, and involved in the executive management of, several publicly listed resource companies with operations in Australia, PNG, Scandinavia and Africa. From 1995 to 2001 he was the Finance Director of Lynas Corporation Ltd during the period when the Mt Weld Rare Earths project was acquired by the group. He was also founding director and advisor to Atlas Iron Limited at the time of Atlas' initial public offering in 2006. Since July 2001 Mr Wilkins has been a running DWCorporate Pty Ltd where he advises on the formation of, and capital raising for, emerging companies in the Australian resources sector.

1.3 Directors' Recommendation

All Directors except Mr Wilkins recommend that Shareholders vote in favour of Resolution 1.

Resolution 2 – Election of Stuart Fogarty as a Director

2.1 Introduction

Mr Stuart Fogarty was appointed as an Executive Director on 22 October 2013.

The Company's Constitution requires that a director appointed during the year to fill a casual vacancy automatically retires at the next AGM, but is eligible for re-election at that meeting.

Resolution 2 is an ordinary resolution, requiring it to be passed by a simple majority of votes cast by the Shareholders entitled to vote on it.

2.2 Director's Biography

Mr Fogarty has over 19 years of exploration experience with BHP Billiton and Western Mining Corporation. Until recently, he was BHP's Senior Exploration Manager for North and South America. Mr Fogarty has a very strong background in nickel exploration, having commenced his career at Kambalda Nickel in 1994. He has held senior roles with BHP including Senior Geoscientist for nickel exploration in the Leinster and Mt Keith region, Project Manager WA Nickel Brownfields and Regional Manager Australia – Asia where he was responsible for a \$100 million per annum exploration budget Directors' Recommendation

2.3 Directors' Recommendation

All Directors except Mr Fogarty recommend that Shareholders vote in favour of Resolution 2.

Resolution 3 & 4 – Approval of Grant of Options to Stuart Fogarty

3.1 General

The Company proposes to grant a total 4,500,000 Options to Stuart Fogarty, or his nominees, for nil consideration as follows:

| Name | Number of Options | Exercise Price | Expiry Date | Conditions |
|----------------|-------------------|----------------|----------------------------|---|
| Stuart Fogarty | 1,000,000 | \$0.25 | 5 years from date of issue | Nil |
| Stuart Fogarty | 500,000 | \$0.25 | 5 years from date of issue | On completion of the sale of unmarketable parcels |
| Stuart Fogarty | 1,000,000 | \$0.25 | 5 years from date of issue | On admission of the Company's securities to the Official List of ASX |
| Stuart Fogarty | 1,000,000 | \$0.35 | 5 years from date of issue | On admission of the Company's securities to the Official List of ASX |
| Stuart Fogarty | 1,000,000 | \$0.35 | 5 years from date of issue | On admission of the Company's securities to the Official List of ASX and pro rata dependant on new capital raised upon listing. |

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

Directors of public companies face considerable ongoing responsibilities and challenges in their roles within the Company. The grant of these Options will provide a long term incentive for outstanding performance and promote opportunities for Share ownership in the Company. The Directors consider that the incentive represented by the grant of these Options is a cost effective and efficient means for the Company to provide reward and incentive.

The Options will be granted as soon as possible following the Meeting.

In the event all the Options are exercised, Mr Fogarty or his nominee will need to pay a total of \$1,325,000 to the Company.

3.2 Chapter 2E of the Corporations Act – Related Party Transactions

The issue of Options to Mr Fogarty constitutes a grant of a financial benefit to a related party for the purposes of Chapter 2E of the Corporations Act.

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

- the giving of the financial benefit falls within one of the nominated exceptions to the relevant provisions of the Corporations Act; or
- prior Shareholder approval is obtained to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E, Mr Fogarty, is a related party of the Company by virtue of section 228(2) of the Corporations Act and the granting of Options would constitute the giving of a financial benefit. As none of the exceptions set out in the Corporations Act apply, the grant of Options to Mr Fogarty requires Shareholder approval.

For the purpose of obtaining Shareholder approval, and in accordance with the requirements of Chapter 2E of the Corporations Act, and in particular section 219, the following information is provided to Shareholders to allow them to assess whether or not to approve the grant of the Options to Mr Fogarty under Resolutions 3 & 4.

Identity of the related party

The related party of the Company to which a financial benefit may be given under Resolutions 3 & 4 is Mr Fogarty, a Director.

Nature of, reasons for and basis for the financial benefit

The financial benefit to be provided to Stuart Fogarty under Resolution 3 & 4 are Options. A copy of the terms and conditions of the Options is annexed as Annexure A & B. Mr Fogarty will not be required to make any payment for the grant of Options. The maximum number of Options that could be granted, and hence be exercised by Mr Fogarty under Resolutions 3 & 4, are set out in Table 1.

The Options form part of Mr Fogarty's incentive for continuing and future efforts. Options are considered to be the appropriate incentive at the Company's current size and stage of development, being an exploration company with limited cash reserves. If Stuart Fogarty is to derive any value from the Options the market Share price must be in excess of the exercise price at the time of exercise. As the exercise price of the Options is at a significant premium to the most recent price at which shares have been issued (being the May 2013 Entitlements Issue to shareholders) prior to the date of this Notice, the Options represent an incentive to Mr Fogarty to achieve this increase in the Share price, which would result in an increase in Shareholder value.

The Company reviewed the practices of other exploration companies of a similar size and stage of development as well as the Options already on issue to Directors to determine the number of Options required to be issued to attract and retain senior directors. Based on that review, the Board determined the number of Options proposed in Resolutions 3 & 4 to be appropriate.

Directors' recommendations to members and reasons

All directors except Stuart Fogarty recommend that Shareholders vote in favour of Resolutions 3 & 4 as they believe the granting of these Options to Stuart Fogarty will align his rewards with the long-term creation of value for Shareholders. Mr Fogarty has a material personal interest in the outcome of Resolutions 3 & 4 and has abstained from any deliberation and voting or making a recommendation in relation to Resolutions 3 & 4.

Directors' interests in the outcome of the Resolutions

If Resolutions 3 & 4 are passed, Mr Fogarty will become entitled to the Options as set out in Table 1 together with the rights and entitlements associated with being a holder of such Options. None of the other Directors (other than Mr Fogarty) have a relevant interest in the outcome of Resolutions 3 & 4.

Any other information that is reasonably required by members to make a decision and that is known to the Company or any of its officers.

- (a) The proposed Resolution would have the effect of giving power to the Directors to grant 4,500,000 Options to Stuart Fogarty or his nominee;
- (b) The exercise of the Options is subject to the terms and conditions as set out in Annexure A & B to this Explanatory Statement and as otherwise mentioned above;
- (c) The Directors, in conjunction with the Company's advisers have provided an indicative value to the options by reference to the Black-Scholes valuation method, based upon the assumptions outlined in Table 3. The valuation cannot be finalised until the grant date of the Options;
- (d) The total value of the Options to be issued is outlined in Table 1. If Options granted to Mr Fogarty or his nominee are exercised, the effect would be to dilute the Shareholdings of the existing Shareholders;
- (e) As at the date of this Notice, the issued capital of the Company comprised 47,524,812 Shares. If all Options granted as proposed above are exercised, assuming all existing Options on issue have been exercised and assuming no other Share issues proceed, the effect would be to dilute the Shareholding of existing Shareholders as per the following table:

| | Existing Securities |
|---|---------------------|
| Shares, Options and Performance Rights | 55,774,812 |
| Resolutions 3 & 4 – Options to be granted | 4,500,000 |
| New Total | 60,274,812 |
| Dilutionary Effect | 8.06% |

- (f) Mr Fogarty's current interest in securities of the Company are detailed in Table 2.
- (g) The market price of the Company's Shares during the term of the Options will normally determine whether or not the Option holder exercises the Options. At the time any Options are exercised and Shares are issued pursuant to the exercise of the Options, the Company's Shares may be trading at a price which is higher than the exercise price of the Options;
- (h) Mr Fogarty currently receives remuneration of \$200,000 plus superannuation;
- (i) Under the Australian equivalent of IFRS, the Company is required to expense the value of the Options in its statement of financial performance for the current financial year. Other than as disclosed in this Explanatory Statement, the Directors do not consider that from an economic and commercial point of view, there are any costs or detriments, including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Options to Mr Fogarty or his nominee pursuant to Resolutions 3 & 4; and
- (j) Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by this Resolution.

Table 1 - Details of options to be issued to Related Party

| Name | Relationship | Number of options | Exercise price | Expiry date | Value as determined by Black-Scholes valuation |
|----------------|--------------|-------------------|----------------|----------------------------|--|
| Stuart Fogarty | Director | 2,500,000 | \$0.25 | 5 years from date of issue | \$100,000 |
| Stuart Fogarty | Director | 2,000,000 | \$0.35 | 5 years from date of issue | \$60,000 |

Table 2 - Details of current holdings of securities in the Company

| Director | Share Holding | Option Holding |
|----------------|---------------|----------------|
| Stuart Fogarty | Nil | Nil |

Table 3 - Option Valuation details

| Details | Input | Input |
|---|------------------|------------------|
| Share price (Issue price of recent entitlements issue used as the basis for the share price assumption) | \$0.10 | \$0.10 |
| Exercise Price | \$0.25 | \$0.35 |
| Risk Free Rate (RBA Cash Rate) | 3.37% | 3.37% |
| Volatility (Annualised) | 70% | 70% |
| Start Date | 29 November 2013 | 29 November 2013 |
| Expiry Date | 29 November 2018 | 29 November 2018 |
| | | |
| Value per Option | \$0.04 | \$0.03 |

GLOSSARY

In this Explanatory Memorandum and the Notice, the following terms have the following meanings unless the context otherwise requires:

| | |
|------------------------------------|--|
| AGM | means an Annual General Meeting |
| Annual Report | means the Directors' report, the annual financial report and auditors report in respect of the financial year ended 30 June 2013. |
| Board | means the board of Directors of the Company. |
| Company | means Duketon Mining Limited ACN 159 084 107. |
| Constitution | means the Company's constitution, as amended from time to time. |
| Corporations Act | means Corporations Act 2001 (Cth). |
| Director | means a director of the Company. |
| Explanatory Memorandum | means this information attached to the Notice, which provides information to Shareholders about the Resolutions contained in the Notice. |
| Meeting | has the meaning in the introductory paragraph of the Notice. |
| Notice or Notice of Meeting | means the Notice of Annual General Meeting accompanying this Explanatory Memorandum. |
| Proxy Form | means the proxy form attached to this Notice. |
| Resolution | means a resolution contained in the Notice. |
| Share | means a fully paid ordinary share in the capital of the Company. |
| Shareholder | means the holder of a share. |
| WST | means Australian Western Standard Time. |

ANNEXURE A

TERMS & CONDITIONS UNLISTED OPTIONS EXERCISE PRICE \$0.25

The Options to be issued on the following terms:

1. Each Option shall be issued for no consideration.
2. Each Option entitles the holder to subscribe for one Share in Duketon Mining Ltd ABN 159 084 107 ("Company") upon the payment of 25 cents per Share subscribed for.
3. Each Options will lapse on the earlier of 5.00 pm, Western Standard Time 5 years from the date of issue and one calendar month following the date the holder ceases to be an employee of the Company. ("Expiry Date").
4. The Options can only be exercised once the following conditions have been met:

| Number of Options | Condition |
|-------------------|---|
| 1,000,000 | Approval by Shareholders |
| 500,000 | Completion of sale on unmarketable parcels |
| 1,000,000 | Admission of the Company's securities to the Official List of ASX |

5. The Options are transferable and will not be listed for official quotation on the ASX.
6. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
7. Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before books closing date to exercise the Options.
8. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2;
9. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
10. The Options shall be exercisable at any time until the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the option holder to the balance of the Options held by it.
11. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Options.
12. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.

ANNEXURE B

TERMS & CONDITIONS UNLISTED OPTIONS EXERCISE PRICE \$0.35

The Options to be issued on the following terms:

1. Each Option shall be issued for no consideration.
2. Each Option entitles the holder to subscribe for one Share in Duketon Mining Ltd ABN 159 084 107 ("Company") upon the payment of 35 cents per Share subscribed for.
3. Each Options will lapse on the earlier of 5.00 pm, Western Standard Time 5 years from the date of issue and one calendar month following the date the holder ceases to be an employee of the Company. ("Expiry Date").
4. The Options will have the following conditions:

| Number of Options | Condition |
|-------------------|---|
| 1,000,000 | Admission of Company's securities to the Official List of ASX |
| Up to 1,000,000 | Admission of Company's securities to the Official List of ASX but pro rata calculated with reference to the amount of capital raised with 400,000 Options to be issued if the Company successfully completes a capital raising of at least \$6 million plus 150,000 Options for every \$1 million in excess of \$6 million up to a maximum of 600,000 options |

5. The Options are transferable and will not be listed for official quotation on the ASX.
6. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
7. Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before books closing date to exercise the Options.
8. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2;
9. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
10. The Options shall be exercisable at any time until the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the option holder to the balance of the Options held by it.
11. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Options.
12. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.