

CREDO RESOURCES LIMITED
ACN 145 040 857

NOTICE OF GENERAL MEETING
EXPLANATORY MEMORANDUM

AND

PROXY FORM

Date of Meeting
30 November 2012

Time of Meeting
4.30pm (WST)

Place of Meeting
The Irish Club
61 Townshend Road
Subiaco WA 6008

CREDO RESOURCES LIMITED
ACN 145 040 857

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that an annual general meeting of Shareholders of Credo Resources Limited (**Company**) will be held at held at 4.30 pm (WST) on Friday, 30 November 2012 at The Irish Club, 61 Townshend Road, Subiaco WA 6008 Western Australia (**Meeting**).

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

The Directors have determined pursuant to regulation 6.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 28 November 2012 at 4.00pm (WST).

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Schedule 1.

AGENDA

1. Annual Report

To table and consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2012, which includes the Financial Report, the Directors' Report and the Auditor's Report.

2. Resolution 1 - Adoption of Remuneration Report

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

"That, the Remuneration Report be adopted by the Shareholders on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

In accordance with section 250R of the Corporations Act, a vote on this Resolution must not be cast by, or on behalf of, a member of the Key Management Personnel whose remuneration details are included in the remuneration report, or a Closely Related Party of such member. However, a vote may be cast by such person if:

- (a) the person is acting as proxy and the proxy form specifies how the proxy is to vote, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
- (b) the person is the Chair voting an undirected proxy which expressly authorises the Chair to vote the proxy on a resolution connected with the remuneration of a member of the Key Management Personnel.

3. Resolution 2 – Adoption of the Employee Incentive Plan

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

"That for the purposes of ASX Listing Rule 7.2, Exception 9(b) and for all other purposes, the grant of Options and the issue of Shares upon exercise of those Options under the Company's Employee Incentive Plan, details of which are described in the Explanatory Memorandum, be approved."

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 2 by a Director (except a Director who is ineligible to participate in any employee incentive scheme of the Company) and any associate of the Director. However, the Company need not

disregard a vote if it is cast by a person as a proxy for a 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.

Voting Prohibition

In accordance with the Corporations Act, a vote on Resolution 2 must not be cast by a person appointed as a proxy if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of a member of the Key Management Personnel; and
- (b) the appointment does not specify the way the proxy is to vote on Resolution 2.

However, the above prohibition does not apply if:

- (a) the proxy is the Chairperson; and
- (b) the appointment expressly authorises the Chairperson to exercise the proxy even if Resolution 2 is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

4. Resolution 3 - Re-election of Director- William Dix

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

"That, for the purpose of clause 6.3(c) of the Constitution and for all other purposes, William Dix, a Director, retires, and being eligible, is elected as a Director."

5. Resolution 4 - Approval of 10% Placement Facility

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

"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7. 1A.2 and on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person (and any associates of such a person) who may participate in the 10% Placement Facility and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman 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.

6. Resolution 5 - Ratification of prior issue of options

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

"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 1,000,000 Options to Forrest Capital Pty Ltd, on the terms and conditions and in the manner set out in the Explanatory Memorandum."

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 5 by Forrest Capital Pty Ltd and any of its associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a 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.

7. Resolution 6 - Ratification of prior issue of employee options

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

"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 500,000 Employee Options to Mr Kevin Shugg, a senior manager of the Company, on the terms and conditions and in the manner set out in the Explanatory Memorandum."

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by Mr Kevin Shugg, and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a 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.

8. Resolution 7- Appointment of Auditor

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

"That the Company, having received the consent of Ernst & Young, appoint Ernst & Young as auditors to the Company with effect from the end of the Meeting, subject to ASIC approval."

Dated 22 October 2012

BY ORDER OF THE BOARD

Lloyd Flint
Company Secretary

CREDO RESOURCES LIMITED

ACN 145 040 857

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at the Meeting to be held at The Irish Club, 61 Townshend Road, Subiaco WA 6008, Western Australia on Friday, 30 November 2012 at 4.30 pm (WST).

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions in the Notice.

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

2. Action to be taken by Shareholders

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

2.1 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgment of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the 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.

2.2 Voting Prohibition by Proxy Holders

In accordance with section 250R of the Corporations Act, a vote on Resolution 1 must not be cast (in any capacity) by, or on behalf of:

- (a) a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report; or
- (b) a Closely Related Party of such member.

However, a person described above may cast a vote on Resolution 1 as proxy if the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above and either:

- (a) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 1; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy :
 - (i) does not specify the way the proxy is to vote on Resolution1; and
 - (ii) expressly authorises the Chairman to exercise the proxy even if Resolution 1 is connected directly or indirectly with the remuneration of the Key Management Personnel.

3. Annual Report

There is no requirement for Shareholders to approve the Annual Report. Shareholders will be offered the following opportunities:

- (a) discuss the Annual Report which is online at www.credoresources.com.au and click on the direct link;
- (c) 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 the content of the Auditor's Report; and
- (b) the conduct of the audit;
- (c) accounting policies 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.

4. Resolution 1 -Remuneration Report

Section 250R(2) of the Corporations Act provides that the Company is required to put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

Section 250R(3) of the Corporations Act provides that Resolution 1 is advisory only and does not bind the Directors of the Company 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 Corporations Act has been amended by the *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011 (Director and Executive Remuneration Act)* which received the Royal Assent on 27 June 2011 and came into effect on 1 July 2011.

The Director and Executive Remuneration Act introduced new sections 250U and 250Y, amongst others, into the Corporations Act, giving Shareholders the opportunity to remove the Board if the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings (**Two Strikes Rule**).

Under the Two Strikes Rule, where a resolution on the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

In summary, if the Remuneration Report receives a 'no' vote of 25% or more at this Meeting, Shareholders should be aware that if there is a 'no' vote of 25% or more at the next annual general meeting the consequences are that it may result in the re-election of the Board.

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

The Chairman intends to exercise all undirected proxies in favour of Resolution 1. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, the Shareholder is considered to have provided the Chairman with an express authorization for the Chairman to vote the proxy in accordance with the Chairman's intention.

5. Resolution 2 - Employee Incentive Plan

5.1 Background

An Employee Incentive Plan (**EIP**) forming part of the Company's employee remuneration and incentive program was adopted by the Board on 10 August 2012. There have been no Options issued under the EIP since its adoption by the Board.

5.2 Summary of key terms of the EIP

A summary of the terms and conditions of the EIP is set out below. A copy of the complete terms of the EIP can be obtained by either contacting the Company Secretary, Lloyd Flint, on (08) 9381 4866.

Eligibility	The Board may offer Options to full or part-time employees (including executive Directors) or any other person that the Board determines to be eligible to receive a grant of Options under the EIP in accordance with the rules of the EIP and any applicable law or regulatory requirements.
Terms and Conditions	An Option issued under the EIP will vest and become exercisable (if applicable) to the extent that the applicable performance conditions specified at the time of grant are

	satisfied. The Board has the discretion under the EIP as to the terms on which it will offer Options under the EIP.
Entitlement	Each Option issued under the EIP will, upon vesting and exercise, entitle the holder to subscribe for one fully paid ordinary Share in the capital of the Company. When issued, each Share will rank equally with all other Shares then on issue, except any rights attaching to such Shares by reference to a record date prior to the date of their issue.
Issue Price	The Options issued under the EIP will be issued for nil consideration, unless otherwise determined by the Board.
Exercise Price	The exercise price for an Option issued under the EIP will be the amount determined by the Board at the time of the grant of the Option.
Transfer of Options	Options issued under the EIP may not be transferred except: <ul style="list-style-type: none"> • with the prior consent of the Board; • upon death, to the holder's legal personal representative; or • upon bankruptcy, to the holder's trustee in bankruptcy.
Lapse of Options	The Options issued under the EIP will lapse on the earlier of: <ul style="list-style-type: none"> • the date specified by the Board in the offer; • the date the holder purports to deal with the Options other than in accordance with the EIP; • unless subject to a specific agreement with the Board, the date the holder ceases to be an employee of the Company or a subsidiary of the Company (unless the holder ceases to be an employee by reason of his death, disability, bona fide redundancy or other reason with approval of the Board and at that time the holder continues to satisfy any other relevant conditions imposed by the Board at the time of grant and the Board determines that the Options held by the holder are to vest); • unless varied by prior agreement with the Board, if the holder acts fraudulently or dishonestly or is in breach of his or her obligations to the Company, the Company deeming that any unvested or unexercised Options held by the holder have lapsed; • the occurrence of certain events relating to the Company being the subject of a compromise or arrangement or winding up (unless the Board determines that the Options held by the holder are to vest); • failure to meet any performance conditions applicable to the Option within the prescribed period; or • the date 7 years of the date of grant of the Option.
Dividend and voting rights	Options granted under the EIP do not carry any dividend or voting rights.
Takeover bids	Subject to the terms of grant of an Option issued under the EIP, if: <ul style="list-style-type: none"> • a takeover bid is made for Shares in the Company; or • the Board recommends that Shareholders accept the takeover; or • the takeover bid becomes unconditional, any unvested Options will immediately vest and become capable of exercise until the Option lapses.
Change of Control	If a company obtains control of the Company as a result of a takeover bid, a proposed scheme of arrangement between the Company and its members, a selective capital reduction or another corporate action, the holder may upon exercise of Options issued under the EIP be provided with shares in the acquiring company in lieu of Shares, on

substantially the same terms and subject to substantially the same conditions as the Shares.

Board's power to adjust Options and exercise price	Subject to the ASX Listing Rules and the Corporations Act, prior to the allocation of Shares upon exercise of any Options granted under the EIP, the Board may make any adjustments it considers appropriate to the terms of an Option granted under the EIP in order to minimise or eliminate any material advantage or disadvantage to an Optionholder resulting from a corporate action such as a capital raising or capital reconstruction.
Board discretion	Notwithstanding the Board's current policy (which may be changed from time to time), under the terms of the EIP, the Board has absolute discretion (in accordance with applicable securities regulations) to determine the exercise price, the expiry date and vesting conditions of any grants made under the EIP, without the requirement for further Shareholder approval.
Amendment	The Board may at any time amend the EIP, the terms or conditions of any Options granted under the EIP or suspend or terminate the operation of the EIP.
Quotation	The Company will not apply to the ASX for official quotation of the Options. The Company will apply for official quotation of any Shares issued under the EIP.

5.3 Regulatory Requirements – ASX Listing Rule 7.1

ASX Listing Rule 7.1 requires a listed company to obtain shareholder approval prior to issuing, or agreeing to issue, equity securities (including Shares) in excess of 15% of the total number of ordinary securities on issue in any 12 month period.

ASX Listing Rule 7.2 (Exception 9) provides that issues under an employee incentive scheme are exempt from ASX Listing Rule 7.1 if, within three years before the date of issue, shareholders approved the issue of securities under the employee incentive scheme.

The EIP is an employee incentive scheme for the purposes of ASX Listing Rule 7.2.

Resolution 2 seeks Shareholder approval for future issues of Options under the EIP for the purposes of ASX Listing Rule 7.2, Exception 9(b) for the three year period from the date of the Meeting. If Resolution 2 is passed, the issue of Options under the EIP will not impact on the Company's ability under ASX Listing Rule 7.1 to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

5.4 Directors' recommendation

As an executive Director, Mr Kirtlan is eligible to participate in the EIP, and accordingly declines to make a recommendation to Shareholders in relation to Resolution 2 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 2, recommend that Shareholders vote in favour of Resolution 2.

6. Resolution 3 - Re-election of Director- William Dix

Clause 6.3(c) of the Constitution requires that at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded down to the nearest whole number), shall retire from office, provided always that no Director (except a managing director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

A Director who retires by rotation under clause 6.3(f) of the Constitution is eligible for re-election.

The Company currently has 3 Directors and accordingly one must retire. William Dix will retire in accordance with clause 6.3(c) of the Constitution and being eligible, seeks re-election.

Details of Mr Dix's background and experience are set out in the Annual Report.

The Board (excluding Mr Dix) recommends that shareholders vote in favour of Resolution 3. The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 3.

7. Resolution 4- Approval of 10% Placement Facility

7.1 General

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

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

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 6.2(c) below).

The Company continues actively seeking to acquire new resources assets and investments. The Company may use the 10% Placement Facility to raise funds and/or acquire new resource assets or investments.

The Directors of the Company believe that Resolution 4 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

7.2 Description of Listing Rule 7.1 A

(a) Shareholder approval

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

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has only Equity Securities on issue.

(c) Formula for calculating 10% Placement Facility

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

(A x D)-E

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

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

Note that A is has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

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

(d) Listing Rule 7.1 and Listing Rule 7.1A

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

At the date of this Notice (and subject to Resolutions 5 and 6 being passed), the Company has on issue 57,232,505 Shares and therefore has a capacity to issue:

- (i) 8,584,875 Equity Securities under Listing Rule 7.1; and
- (ii) subject to Shareholder approval being sought under Resolution 4, 5,723,250 Equity Securities under Listing Rule 7.1A.

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

(e) Minimum Issue Price

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

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) 10% Placement Period

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

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or

- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking)(10% Placement Period).

7.3 Listing Rule 7.1A

The effect of Resolution 4 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 4 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

7.4 Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

(a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(b) If Resolution 4 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. There is a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

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

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

The table also shows:

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

Variable "A" in Listing Rule 7.1A2	Dilution	50% decrease in issue price	Issue Price	100% increase in issue price
		\$0.0325	\$0.0650	\$0.1300
Current Variable A 57,232,505 shares	10%	5,723,251	5,723,251	5,723,251
	Funds raised	\$186,006	\$372,011	\$744,023
50% increase in Current Variable A 85,848,758 shares	10%	8,584,876	8,584,876	8,584,876
	Funds raised	\$279,008	\$558,017	\$1,116,034
100% increase in Current Variable A 114,465,010 shares	10%	11,446,501	11,446,501	11,446,501
	Funds raised	\$372,011	\$744,023	\$1,488,045

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
 - (ii) Resolutions 5 and 6 below for the ratification of issue of options are passed and no options over Shares are exercised into Shares before the date of the issue of the Equity Securities and;
 - (iii) No performance share hurdles are achieved and are converted into Shares before the date of the issue of the Equity Securities;
 - (iv) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
 - (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
 - (vii) The issue price is \$0.065, being the closing price of the Shares on ASX on 1 October 2012
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 4 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) non-cash consideration for the acquisition of the new resources assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
 - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expense associated therewith), continued exploration expenditure on the Company's current projects in Burkina Faso and Western Australia and/or general working capital.

The Company will comply with the disclosure obligations under Listing Rules 6.1A(4) and 3.10.5A upon issue of any Equity Securities.

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

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

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company or introduced by way of advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new resources assets or investments.

- (e) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.
- (f) The Company has not previously obtained Shareholder approval under Listing Rule 7.1A.

8. Resolution 5 - Ratification of prior issue of options

8.1 Background

In December 2011, the Company announced the completion of the acquisition of Riverglide Investments Pty Ltd with its extensive interests in exploration permits Burkina Faso. Forest Capital Pty Ltd was an advisor to the Company. Additional advisor Options have been issued to Forest Capital Pty Ltd.

8.2 Regulatory requirements - ASX Listing Rule 7.4

ASX Listing Rule 7.1 requires a listed company to obtain shareholder approval prior to issuing, or agreeing to issue, equity securities (including Shares) in excess of 15% of the total number of ordinary securities on issue in any 12 month period. ASX Listing Rule 7.4 provides that where ordinary shareholders ratify a previous issue of securities which was made without approval under ASX Listing Rule 7.1, and the previous issue did not breach ASX Listing Rule 7.1, those securities are treated to have been made with shareholder approval for the purposes of ASX Listing Rule 7.1.

The approval of Resolution 5 will enable the Company to issue further securities up to 15% of the number of ordinary shares on issue at the beginning of the relevant 12 month period in accordance with ASX Listing Rule 7.1 without the Options the subject of Resolution 5 counting towards that 15% threshold.

In accordance with ASX Listing Rule 7.5, the following information is provided to Shareholders for the purpose of obtaining Shareholder approval for Resolution 5:

- (a) 1,000,000 Options were allotted on 24 April 2012.
- (b) The Options were issued for nil consideration.
- (c) The Options are exercisable at \$0.25 each and expire on 6 December 2016. The full terms on which the Options were issued are set out in full in Annexure A.
- (d) The Options were granted to Forest Capital Pty Ltd.
- (e) The issue of the Options did not raise any funds. The Options were issued for advisory services.

8.3 Directors' recommendation

The Directors recommend that Shareholders vote in favour of Resolution 5.

9. Resolution 6 - Ratification of prior issue of employee options

9.1 Background

In order to attract suitably qualified and experienced staff to implement the exploration strategy of the Company, the Board of Directors has resolved to incentivise and reward certain employees by issuing options to those employees (**Employee Options**).

On 24 April 2012, the Company issued 500,000 Employee Options to Mr Kevin Shugg, a senior manager of the Company. Mr Shugg is not a related party of the Company.

9.2 Regulatory requirements - ASX Listing Rule 7.4

ASX Listing Rule 7.1 requires a listed company to obtain shareholder approval prior to issuing, or agreeing to issue, equity securities (including Employee Options) in excess of 15% of the total number of ordinary securities on issue in any 12 month period.

ASX Listing Rule 7.4 provides that where ordinary shareholders ratify a previous issue of securities which was made without approval under ASX Listing Rule 7.1, and the previous issue did not breach ASX Listing Rule 7.1, those securities are treated to have been made with shareholder approval for the purposes of ASX Listing Rule 7.1.

The approval of Resolution 6 will enable the Company to issue further securities up to 15% of the number of ordinary shares on issue at the beginning of the relevant 12 month period in accordance with ASX Listing Rule 7.1 without the Employee Options the subject of Resolution 6 counting towards that 15% threshold.

In accordance with ASX Listing Rule 7.5, the following information is provided to Shareholders for the purpose of obtaining Shareholder approval for Resolution 6:

- (a) 500,000 Employee Options were allotted on 24 April 2012.
- (b) The Employee Options were issued for nil consideration.
- (c) The Employee Options issued are exercisable at \$0.25 per Employee Option on or before 19 April 2015. The full terms on which the Employee Options were issued are set out in full in Annexure B.
- (d) The Employee Options were allotted and issued to Mr Kevin Shugg.
- (e) The allotment and issue of the Employee Options did not raise any funds. Any funds raised on the exercise of the Employee Options will be put towards the general working capital requirements.

9.3 Directors' recommendation

The Directors recommend that Shareholders vote in favour of Resolution 6.

10. Resolution 7- Appointment of Auditor

Following the resignation (subject to ASIC approval) of Stantons International ("Stantons") as auditors to the Company, the Company seeks to appoint Ernst & Young as auditors to the Company. Pursuant to Section 328 of the Corporations Act 2001, Ernst & Young, having been nominated by a shareholder (refer to Annexure C of this explanatory Memorandum for a copy of the nomination), consent to act as auditors to the Company and seek shareholder approval to be appointed as such.

Under the Corporations Act 2001, the resignation of an auditor is subject to approval by the Australian Securities and Investments Commission (ASIC) and appointment of a new auditor is subject to approval at an annual general meeting. Stantons has sought ASIC approval to resign and the Company seeks approval at this meeting for Ernst & Young to be appointed auditors subject to ASIC approval.

The Directors support the nomination and recommend the appointment of Ernst & Young as auditor to the Company.

Schedule 1 - Definitions

In this Notice and the Explanatory Memorandum:

\$ means Australian Dollars.

10% Placement Facility has the meaning given in Section 6.1.

10% Placement Period has the meaning given in Section 6.2.

Annual Report means the Directors' Report, the Financial Report and the Auditor's Report in respect to the financial year ended 30 June 2012.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

Auditor's Report means the auditor's report on the Financial Report.

Board means the board of Directors.

Business Day means:

- (a) for determining when a notice, consent or other communication is given, a day that is not a Saturday, Sunday or public holiday in the place to which the notice, consent or other communication is sent; and
- (b) for any other purpose, a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Perth.

Chair or Chairman means the person appointed to chair the Meeting convened by this Notice.

Closely Related Party means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

Company means Credo Resources Ltd (ACN 145 040 857).

Constitution means the constitution of the Company as at the commencement of the Meeting.

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

Director means a director of the Company.

Directors' Report means the annual directors' report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities.

Employee Options means the Options issued to Mr Kevin Shugg the subject of Resolution 6.

Equity Securities has the same meaning as in the Listing Rules.

Explanatory Memorandum means the explanatory memorandum attached to the Notice.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities.

Key Management Personnel means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Listing Rules means the listing rules of ASX.

Meeting has the meaning in the introductory paragraph of the Notice:

Notice means this notice of meeting.

Option means an option which entitles the holder to subscribe for one Share.

Proxy Form means the proxy form attached to the Notice.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Resolution means a resolution contained in the Notice.

Schedule means a schedule to this Notice.

Section means a section contained in this Explanatory Memorandum.

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

Shareholder means a shareholder of the Company.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

VWAP means volume weight average price.

WST means Western Standard Time, being the time in Perth, Western Australia.

In this Notice and the Explanatory Memorandum words importing the singular include the plural and vice versa.

ANNEXURE A – Terms and Conditions of advisor Options

The Options entitle the holder to subscribe for Shares on the following terms and conditions in accordance with Listing Rules 6.14 to 6.23:

- (a) Other than in relation to the expiry date of the Options as set out in paragraph (c) below, the terms and conditions of the Options are identical.
- (b) Each Option gives the Option holder the right to subscribe for one Share.
- (c) The Options will expire at 5.00pm (WST) on 6 December 2016 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the relevant Expiry Date.
- (d) The amount payable upon exercise of each Option will be \$0.25 (**Exercise Price**).
- (e) The Options held by each Option holder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (f) An Option holder 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; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised (**Exercise Notice**);
- (g) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (h) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (i) The Options may be transferred at any time, in accordance the Corporations Act, ASTC Settlement Rules and the ASX Listing Rules, with the consent of the Board.
- (j) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (k) The Options will not be quoted on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (l) If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (m) 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. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (n) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

ANNEXURE B – Terms and Conditions of Employee Options

The Employee Options entitle the holder to subscribe for Shares on the following terms and conditions in accordance with Listing Rules 6.14 to 6.23:

- (a) Other than in relation to the expiry date of the Employee Options as set out in paragraph (c) below, the terms and conditions of the Employee Options are identical.
- (b) Each Employee Option gives the Employee Option holder the right to subscribe for one Share.
- (c) The Employee Options will expire at 5.00pm (WST) on 19 April 2015 (**Expiry Date**). Any Employee Option not exercised before the Expiry Date will automatically lapse on the relevant Expiry Date.
- (d) The amount payable upon exercise of each Employee Option will be \$0.25 (**Exercise Price**).
- (e) The Employee Options held by each Employee Option holder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (f) An Employee Option holder may exercise their Employee Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Employee Options specifying the number of Employee Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Employee Options being exercised (**Exercise Notice**);
- (g) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (h) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Employee Options specified in the Exercise Notice.
- (i) The Employee Options may be transferred at any time, in accordance the Corporations Act, ASTC Settlement Rules and the ASX Listing Rules, with the consent of the Board.
- (j) All Shares allotted upon the exercise of Employee Options will upon allotment rank pari passu in all respects with other Shares.
- (k) The Employee Options will not be quoted on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of Employee Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (l) If at any time the issued capital of the Company is reconstructed, all rights of an Employee Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (m) There are no participating rights or entitlements inherent in the Employee Options and Employee Option holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Employee Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Employee Option holders the opportunity to exercise their Employee Options prior to the date for determining entitlements to participate in any such issue.
- (n) An Employee Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Employee Option can be exercised.

**ARK Securities & Investments Pty Ltd
MEREK Unit Trust
PO Box 1485 SUBIACO WA 6904
Phone +618 9363 7109 +61 409 842 354
Fax 08 9388 2355**

28 September 2012

The Directors
Credo Resources Limited
PO Box 2025
Subiaco WA 6904

Dear Sirs

Nomination of Ernst & Young as Auditor of the Company

I, Robert Kirtlan, as director of ARK Securities & Investments Pty Ltd, a shareholder in RMG Limited, hereby nominate Ernst & Young as Auditor of the Company (subject to ASIC approval) at the forthcoming Annual General Meeting and any adjournment thereof.

Yours faithfully
ARK Securities & Investments Pty Ltd


R Kirtlan
Director

**CREDO RESOURCES LIMITED ACN 145 040 857
PROXY FORM**

The Company Secretary
Credo Resources Limited

By delivery:
Suite 1, 245 Churchill Avenue, Subiaco WA 6008

By post :
PO Box 2025, Subiaco WA 6904

By facsimile:
+61 8 9388 2355

HIN/SRN

Name and Address of
Shareholder:

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Please mark to indicate your directions. Further instructions are provided overleaf.

Proxy appointments will only be valid and accepted by the Company if they are made and received no later than 48 hours before the meeting.

Step 1 -Appoint a Proxy to Vote on Your Behalf

The Chairman of the Meeting OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

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or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Meeting of the Company to be held at 4.30 pm (WST time) on Friday, 30 November 2012, at The Irish Club, 61 Townshend Road, Subiaco WA 6008, Western Australia and at any adjournment or postponement of that Meeting.

Important- If the Chairman of the Meeting is your proxy or is appointed your proxy by default

The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 1. If the Chairman of the Meeting is your proxy or is appointed your proxy by default, unless you indicate otherwise by ticking either the 'for', 'against' or 'abstain' box in relation to Resolution 1, you will be authorising the Chairman to vote in accordance with the Chairman's voting intentions on Resolution 1 even if Resolution 1 is connected directly or indirectly with the remuneration of a member of Key Management Personnel.

Step 2 - Instructions as to Voting on Resolutions

The proxy is to vote for or against the Resolutions referred to in the Notice as follows:

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Adoption of the Employee Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Director- William Dix	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Ratification of the issue of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Ratification of the issue of Employee Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each Resolution.

Authorised signature/s

This section *must* be signed in accordance with the instructions overleaf to enable your voting instructions to be implemented.

Individual or Shareholder 1

Shareholder 2

Shareholder 3

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Sole Director and Sole Company Secretary

Director

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

Proxy Notes:

A Shareholder entitled to attend and *vote* at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more *votes* at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of *votes* is not specified each proxy may exercise half of the Shareholder's *votes*. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and *vote* for the Shareholder at that Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

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

Joint Holding : where the holding is in more than one name all of the holders must sign.

Power of Attorney : if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies : a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received at the Perth office of the Company (Suite 1, 245 Churchill Avenue, Subiaco WA 6008, or by post to PO Box 2025, Subiaco WA 6904 or Facsimile +61 8 9388 2355 not less than 48 hours prior to the time of commencement of the Meeting (WST).