

AUSMET RESOURCES LIMITED

ABN 19 107 411 067

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Shareholders of Ausmet Resources Limited will be convened at 10.00 am on Thursday, 11 November 2004, at The Hilton, Mill Street, Perth, Western Australia, to consider, and if thought fit, to pass the following resolutions.

If you are unable to attend the meeting, we encourage you to complete and return the enclosed Proxy Form. The completed Proxy Form must be received by the Company at least 48 hours before the commencement of the meeting.

An Explanatory Statement is attached. Shareholders should read this in full.

GENERAL BUSINESS

Annual Accounts:

"To Receive and consider the annual Company and consolidated financial statements and reports of the Directors and the Auditor for the period ended 30 June 2004."

ORDINARY BUSINESS

RESOLUTION 1

Re-Election of Howard Graham Dawson as a Director

"To elect as a Director, Mr Howard Graham Dawson, being a Director of the Company who retires in accordance with the Company's Constitution and, being eligible, offered himself for re-election, be re-elected as a Director."

RESOLUTION 2

Re-Election of Malcolm Keith Smartt as a Director

"To elect as a Director, Mr Malcolm Keith Smartt, being a Director of the Company who retires in accordance with the Company's Constitution and, being eligible offered himself for re-election, be re-elected as a Director."

RESOLUTION 3

Re-Election of Peter Henry Strachan as a Director

"To elect as a Director, Mr Peter Henry Strachan, being a Director of the Company who retires in accordance with the Company's Constitution and, being eligible, offered himself for re-election, be re-elected as a Director."

RESOLUTION 4

Appointment of Auditor

"That in accordance with Section 327(3) of the Corporations Act, Stanton Partners, having consented to act, is hereby appointed as auditor of the Company.

RESOLUTION 5

The Issue of Options to Mr Peter Strachan

"That for the purposes of ASX Listing Rule 7.1 and 10.11, Chapter 2E of the Corporations Act 2001 and all other purposes, the Directors be authorised to issue 500,000 options to subscribe for shares in the Company to Mr Peter Strachan or his nominee, the details of which are set out in the Explanatory Memorandum forming part of this Notice of Meeting.

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 5 by Mr P Strachan or any person associated with Mr P Strachan. However, the Company need not disregard a vote if:

- (i) the vote 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*
- (ii) the vote 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.*

Dated this 29th day of September 2004

BY ORDER OF THE BOARD

Malcolm K Smartt
COMPANY SECRETARY

Scott R Matheson
Leederville WA 6007

17 September 2004

Ausmet Resources Limited
1 / 89 St Georges Terrace
PERTH WA 6000

As a registered shareholder of Ausmet Resources Limited (Company) I nominate Stanton Partners to be appointed as auditors of the Company.

S R Matheson

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide Shareholders with material information to enable them to make an informed decision on the business to be conducted at the Annual General Meeting of the Company. Amongst other things, this Explanatory Statement provides Shareholders with the information required to be provided to Shareholders by the Corporations Act 2001 and the Official Listing Rules of the Australian Stock Exchange Limited (ASX Listing Rules).

The Explanatory Statement sets out an explanation of each of the resolutions to be put to Shareholders.

General Business

The Corporations Law 2001 requires that Shareholders view the Annual Company and consolidated financial statements and reports of the Directors and the Auditor each and every year.

Shareholders will be given an opportunity to ask operations of the Directors and the Auditors in relation to the financial statements of the Company that have been provided to shareholders with this Notice and Explanatory Statement at the Annual General Meeting.

RESOLUTION 1 Appointment of Director – Howard Graham Dawson

Mr Dawson was appointed as a Director of the Company at the date of incorporation being 15 December, 2003.

The Company's Constitution requires that the appointment of any Director by the other Directors be put to shareholders for approval.

RESOLUTION 2 Appointment of Director – Malcolm Keith Smartt

Mr Smartt was appointed as a Director of the Company at the date of incorporation being 15 December, 2003.

The Company's Constitution requires that the appointment of any Director by the other Directors be put to shareholders for approval.

RESOLUTION 3 Appointment of Director – Peter Henry Strachan

Mr Strachan was appointed as a Director of the Company to fill a casual vacancy on 7 July 2004.

The Company's Constitution requires that the appointment of any Director by the other Directors be put to shareholders for approval.

RESOLUTION 4 Appointment of Auditors – Stanton and Partners

Section 327(2) of the Corporations Act provides that an auditor appointed by the Directors of the Company on Incorporation only holds office until the first Annual General Meeting of the Company. In addition Section 372(3) of the Corporations Act requires that the company a person or firm as auditor of the Company at its first Annual General Meeting.

Accordingly, pursuant to Resolution 4, the Company seeks the appointment of Stanton Partners as auditor for the Company in accordance with Section 327(3) of the Corporations Act.

As required by Section 328 of the Corporations Act, a shareholder of the Company has nominated Stanton Partners as auditor of the Company. A copy of this nomination is annexed to this Explanatory Statement. Stanton and Partners have consented to be auditors of the Company.

EXPLANATORY STATEMENT (Page 2)

RESOLUTION 5 Issue of Options to Mr Peter Strachan

The purpose of the issue of options to Mr Strachan is to provide an incentive for future services. The issue of options as part of the remuneration package of non-executive Directors is an established practice of junior public listed companies and, has the benefit of conserving cash whilst properly rewarding the directors.

ASX Listing Rule 10.13 and the Corporations Act 2001 requires shareholder approval to be obtained for the issue of any options to Directors.

ASX Listing Rule 10.13

ASX Listing Rule provides that the Notice of Annual General Meeting include the following information

- a) **The name of the person to whom the securities will be issued** – Mr Peter H Strachan
- b) **The number of securities to be issued** - 500,000 Options
- c) **The date by which the Company will issue the securities** - Within 1 month of AGM
- d) **The issue price of the securities** – There is no issue price for these Options
- e) **A voting Exclusion Statement** – See Notice of Meeting
- f) **The intended use of the funds raised** – There will be no funds raised

By reason of ASX Listing Rule 7.2 (Exception 14), if the approval of the Shareholders for the issue of these options is obtained pursuant to Listing Rule 10.11, approval is not required pursuant to Listing Rule 7.1, this means that the issue of these options will not erode the Company's ability to issue equity securities up to the 15% limit prescribed by the ASX Listing Rule 7.1 without further shareholder approval.

Chapter 2E of the Corporations Act 2001 ('the Act')

The Act prohibits, subject to certain exceptions (none of which is relevant here), a Company from giving a financial benefit to a related party of the Company without Shareholder approval.

In accordance with Section 228 of the Act, Mr Strachan is a "related party" for this purpose, whilst the issue of options to him constitutes "financial benefits" for this purpose.

In accordance with Section 219 of the Act, the following information is provided to shareholders to allow them to assess whether or not it is in the Company interests to pass this resolution.

- a) Mr Strachan is a related party by virtue of Section 228 of the Act and to whom the proposed resolution would provide a financial benefit.
- b) The nature of the financial benefit is the issue of the options for nil consideration and on the terms set out at the end of this Explanatory Memorandum.
- c) Mr Strachan expresses no opinion and makes no recommendations in respect of this resolution.
- d) Mr Strachan has an interest in the outcome of this resolution and details of the potential benefits are listed below.
- e) There is no other known information that could be provided to assist the shareholders in deciding whether this resolution is in the interest of the Company.

If the options are issued pursuant to the proposed resolution, the Company considers that Mr Strachan will have a vested interest in the affairs of the Company. As options are a performance based incentive, they will have that incentive to ensure that the market price of the shares of the Company increases to create a value in the options and this will benefit all shareholders. Should the options be exercised a \$100,000 of working capital will be raised at no significant cost.

The potential cost to the Company of the issue of 500,000 options is that there will be dilution of the issued share capital if the options are exercised. Based on the current issued capital of 30,436,000, the dilution effect would be 0.33%, however if all of the listed options on the same terms were exercised the dilution effect would be significantly smaller.

EXPLANATORY STATEMENT (Page 3)

If the options were exercised at a time when the market price of the Company's shares is greater than the exercise price of the options, there would be a detriment insofar as the Company will be required to issue shares at a price lower than it may have otherwise been able to, with the result that less funds will be raised.

At the time of preparing this notice of meeting, the closing price of the Company's shares on the ASX was 12.5 cents. Using the Black and Scholes option valuation model (assumptions – 5.5% interest rate, 80% volatility, discounted by 30% as the options are non transferable) each one of these options would be worth approximately 3.2 cents – a total value of circa \$16,000. Currently, Mr Strachan receives Directors Fees by way of a cash emolument of \$25,000 per annum plus statutory superannuation and he holds no shares or options in the Company.

The price of the Company's shares quoted on the ASX over the period since quotation have ranged from a low of 12.5 cents on 3 September, 2004 to a high of 22 cents on 30 April 2004.

Mr Dawson and Mr Smartt recommend that shareholders support this resolution and Mr Strachan is excluded from voting.

Full details of the terms and conditions of the options to be issued are shown at the end of the Explanatory Memorandum.

TERMS AND CONDITIONS OF OPTIONS

- a) Subject to condition (g) the options are exercisable wholly or in part at any time from day of issue and ending on 31 December 2006.
- b) Each option shall entitle the option holder to acquire one share in the capital of the Company upon payment of the sum of 20 cents per option to the Company
- c) Each option may be exercised by notice in writing to the Company during the period referred to in condition (a), accompanied by payment of 20 cents per share.
- d) These options will be unlisted.
- e) The options are not transferable.
- f) Any notice of exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of the receipt.
- g) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of securities Offered to Shareholders of the Company during the currency of the Options. However, the Company will ensure that for the purpose of determining entitlements to any such issue, the record date will be at least 10 Business Days after the issue is announced so as to give holders the opportunity to exercise their Options before the date for determining entitlement to participate in any issue.
- h) Share allotted pursuant to the exercise of the Options will be allotted following receipt of all the relevant documents and payment and will rank equally with existing issued shares.
- i) In the event of a reconstruction (including consolidations, subdivision, reduction or return) of the issued capital of the Company, all rights of the optionholder shall be reconstructed in accordance with the ASX Listing Rules.

The Secretary
 AUSMET RESOURCES Limited
 Level 1, 89 St Georges Terrace
 Perth, Western Australia
 Fax: (08) 9481 2200

SHAREHOLDER DETAILS

Name of Shareholder:

Address of Shareholder:

I/We being a member(s) of Ausmet Resources Limited, hereby appoint the following person or failing him/her the Chairman of the Meeting as my/our Proxy to vote for me/us and on my/our behalf at the General Meeting of the Company to be held at, Western Australia on Thursday 11th November 2004 at 10 am (and at any adjournment thereof) in the manner indicated below or as he/she thinks fit.

PROXY'S DETAILS:

Name of Proxy:
 (Surname) (Given Names)

Address of Proxy:

INSTRUCTIONS AS TO VOTING – Refer attached Notes to the Proxy Form

If you wish to direct your proxy how to vote with respect to the proposed resolutions, please indicate the manner in which your proxy is to vote by placing a "X" in the appropriate box below, otherwise your proxy will vote or abstain from voting as he/she thinks fit.

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

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded of that interest.

PROXY'S VOTING INSTRUCTIONS (OPTIONAL)
 ⇒

Ordinary Resolutions

	FOR	AGAINST	ABSTAIN
1. Election of Howard Graham Dawson as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Election of Malcolm Keith Smartt as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Election of Peter Henry Strachan as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. . Issue of Options to Mr Peter Henry Strachan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

It is the Chairman's intention to vote in favour of all resolutions in relation to undirected proxies.

REFER OVERLEAF

FOR INDIVIDUALS OR JOINT HOLDERS

.....
 Signature of Shareholder

.....

.....
 Name (Please Print) Date

.....
Signature of Shareholder
(Joint Shareholders)

.....

.....
Name (Please Print) Date

IF THE MEMBER IS A COMPANY. The COMMON SEAL of the company was herewith affixed in accordance with the Constitution in the presence of:

.....
Director

.....

.....
Director/Secretary Date

IF THE MEMBER IS A COMPANY HAVING ONE PERSON AS ITS SOLE DIRECTOR AND SOLE COMPANY SECRETARY. The COMMON SEAL of the company was herewith affixed in accordance with the Constitution in the presence of:

.....
Sole Director/Company Secretary

.....
Date

NOTES TO THE PROXY FORM

Pursuant to the Company's Constitution and the Corporations Act 2001, any person registered in the Register of Shareholders as a holder of one or more shares 48 hours prior to the time of commencement of the Meeting is entitled to attend and vote at the Meeting.

Shareholders are entitled to appoint up to two individuals to act as proxies to attend and vote on their behalf. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights.

The Proxy Form and the Power of Attorney (if any) or the instrument appointing the proxy and power of attorney (if any) under which it is signed (or an office copy or notarially certified copy thereof) must be deposited at the Registered Office of the Company (Level 1, 89 St Georges Terrace, Perth, Western Australia 6000) at least 48 hours prior to the time of holding of the Meeting (and at any adjournment thereof), at which the individual named in the Proxy Form proposes to vote.

A proxy must be signed by the Shareholder or his/her attorney duly authorised in writing or, if the Shareholder is a corporation, under its common seal or under the hand of an authorised officer or attorney.

A person authorised (pursuant to the provisions of the Corporations Act 2001) by a corporation which is a Shareholder of the Company to act as its representative at the Meeting is entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual Shareholder of the Company.

A legible facsimile transmission copy of the instrument and the power of attorney or other authority is acceptable. The facsimile number to which a Proxy Form may be sent is (08) 9481 2200.

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

Corporate Representation

A company may only vote by proxy, power of attorney or by appointment of a corporate representative. The instrument appointing a proxy is not valid unless the original instrument and the power of attorney or other authority (if any) under which the instrument is signed (duly stamped where necessary) or a copy or facsimile which appears on its face to be an authentic copy of that proxy, or power of attorney is submitted to the Registered Office within the time set out herein. A company must sign a proxy under common seal in accordance with its Constitution or under power of attorney, which must be produced, with the Proxy Form.

If the shares are registered in the name of more than one person, all such holders must sign the Proxy Form.

To be valid a Proxy Form and the Power of Attorney under which it is signed or proof thereof must be to the satisfaction of the Directors.