

**AUVEX RESOURCES LIMITED**

**ACN 129 087 832**

**NOTICE OF GENERAL MEETING**

**AND**

**EXPLANATORY MEMORANDUM**

**Date of Meeting**

22 January 2009

**Time of Meeting**

10:00 am

**Place of Meeting**

23 Altona Street  
West Perth WA 6005

**AUVEX RESOURCES LIMITED**  
**ACN 129 087 832**  
**NOTICE OF GENERAL MEETING**

Notice is hereby given that a General Meeting of shareholders of Auvex Resources Limited ("**Company**") will be held at 23 Altona Street, West Perth WA on 22 January 2009 at 10:00 am for the purpose of transacting the following Business.

**ORDINARY BUSINESS**

**Resolution 1 – Authority to Issue and Allot Securities by way of Placement**

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

*“That, in accordance with Section 611 of the Corporations Act and for all other purposes, approval is given for the Company to be authorised to issue and allot up to 10,000,000 Shares at an issue price of \$0.20 per share, 15,000,000 Options with an exercise price of \$0.25 and an expiry date of 31 December 2011 and 5,000,000 Options with an exercise price of \$0.50 and an expiry date of 31 December 2013 to acquire a further share on the terms and conditions outlined in Annexures A and B with such shares and options to be issued on the terms set out in the Explanatory Memorandum accompanying this Notice.”*

**Voting Exclusion:** The Company will disregard any votes cast on this resolution by any person who may participate in the proposed issue and any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed and any associate of any such person.

**Resolution 2 – Authorise the issue of Securities by way of Loan Facility and Convertible Note Deed**

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

*“That, in accordance with item 7 of Section 611 of the Corporations Act and for all other purposes, approval is given for the Company to issue Convertible Notes with a face value of \$3,000,000, an interest rate of 15% per annum and a one year term, on the terms and conditions in the Explanatory Memorandum accompanying this Notice.*

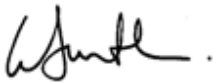
**Voting Exclusion:** The Company will disregard any votes cast on this resolution by any person who may participate in the proposed issue and any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed and any associate of any such person.

**Resolution 3 – Election of Yuzheng Xie as a Director**

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

*"That subject to, and conditional upon resolutions 1 and 2 being passed, Yuzheng Xie be elected as a Director of the Company."*

By order of the Board



---

Graeme Smith  
Company Secretary  
Date: 24 December 2008

---

## EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide shareholders in Auvex Resources Limited ACN 129 087 832 (“**Company**”) with sufficient information to assess the merits of Resolutions 1, 2 & 3 contained in the Notice of General Meeting of the Company.

The Directors recommend that shareholders read this Explanatory Memorandum in full before making any decision in relation to Resolutions 1, 2 & 3.

### 1. Resolutions 1 and 2 – Authority to Issue and Allot Securities – Placement and Authorise Convertible Note Issue

#### *Background*

Auvex Resources Limited is arranging a \$5,000,000 capital raising which will consist of the following:

- a) an issue of 10,000,000 shares at an issue price of \$0.20 per share to raise \$2,000,000. In addition, 15,000,000 Options with an exercise price of \$0.25 and an expiry date of 31 December 2011 and 5,000,000 Options with an exercise price of \$0.50 and an expiry date of 31 December 2013 are proposed to be issued;
- b) a placement of Convertible Notes to raise \$3,000,000. The Convertible Notes will have an interest rate of 15% and a one year term, whereupon, at the election of Emars, it must be repaid or the value of the loan converted to Shares at an issue price of \$0.20 per Share.

The Shares, Options and Convertible Notes will be issued to Emars. Should the Options or Convertible Notes be converted into Shares, Emars will hold more than 19.9% of Auvex. Section 606 of the Corporations Act prohibits the acquisition of voting shares of an unlisted company with more than 50 members where, as the result of that transaction, a person’s voting power increases to 20% or more unless that acquisition is covered by one of several exemptions. The exemptions include, at item 7 of section 611 of the Corporations Act, an exemption where the acquisition is approved by members of the company in general meeting. The following information is provided in order to enable Shareholders to make an informed decision when voting on the acquisition.

The Capital Structure of the Company on completion of the Capital raising will be:

	Shares	Convertible Notes	Options	Amount Raised
Existing	60,231,000		21,500,000	
Convertible Notes		15,000,000		\$ 3,000,000
Share issue	10,000,000			\$ 2,000,000
Options			20,000,000	
<b>Total</b>	<b>70,231,000</b>	<b>15,000,000</b>	<b>41,500,000</b>	<b>\$ 5,000,000</b>

## Explanatory Memorandum

---

### *Information requirements*

Resolution 1 is for the issue of up to 10,000,000 Shares, 15,000,000 Options with an exercise price of \$0.25 and an expiry date of 31 December 2011 and 5,000,000 Options with an exercise price of \$0.50 and an expiry date of 31 December 2013 to Emars. The terms of the Options are set out in Annexures A and B.

Resolution 2 seeks shareholder approval to a Convertible Note to raise up to \$3,000,000.

Item 7 of section 611 of the Corporations Act lists certain information requirements that must be provided to Shareholders in seeking the approval of resolutions 1 and 2. The following information is included in this Explanatory Memorandum in compliance with that requirement.

- (a) The shares and options will be issued to Emars Mining Pty Ltd.
- (a) Emars voting power may increase from 0% to a theoretical maximum of 43%.
- (b) Emars voting power would increase to a theoretical maximum of 43% as a result of the issue of Shares, exercise of all of the Options and conversion of all of the Convertible Notes.
- (c) No existing Shareholders are associates of Emars.

### *Further information*

By way of further information, Auvex provides the following.

- (a) The Shares will rank equally with the existing Shares on issue.
- (b) No votes will be received on any resolution by Emars or any associate of Emars and a voting exclusion statement is included in the Notice.
- (c) The maximum number of securities to be issued pursuant to Resolution 1 is 10,000,000 Shares, 15,000,000 Options (exercise price - 25 cents) and 5,000,000 Options (exercise price - 50 cents) per the terms and conditions as outlined in Annexure's A and B.
- (d) the maximum number of Shares that may be issued on conversion of the Convertible Notes is 15,000,000.
- (e) The issue price of the Shares will be 20 cents per share.

The following table has been prepared to assist Shareholders in better understanding the effects on the voting power that may be acquired by Emars. The table contains two columns showing numbers of securities and voting power. The first column assumes that existing Options with an equal or lesser exercise price have been exercised when Emars exercises its Options. The second column assumes it is only Emars that exercises its Options (theoretical maximum voting powers).

**Details of Number of Shares and Options:**

	<b>With existing Option conversion</b>	<b>Without existing Option conversion</b>
<b>Shares on Issue</b>	60,231,000	60,231,000
<b>Options</b>		
<b>Exercise price - 25 cent</b>	11,000,000	0
<b>Exercise price - 35 cent</b>	10,500,000	0
	<b>81,731,000</b>	<b>60,231,000</b>
<b><u>Shares, options and Convertible Notes to be Issued</u></b>		
<b>Proposed Issue</b>	10,000,000	10,000,000
<b>Proposed Options</b>		
<b>Exercise price - 25 cent</b>	15,000,000	15,000,000
<b>Exercise price - 50 cent</b>	5,000,000	5,000,000
<b>Emars Holding</b>	<b>30,000,000</b>	<b>30,000,000</b>
<b>Post Issued Capital</b>	<b>111,731,000</b>	<b>90,231,000</b>
<b>Percentage Held by Emars</b>	<b>27%</b>	<b>33%</b>
<b>Convertible Note</b>		
<b>Issued Shares</b>	15,000,000	15,000,000
<b>Emars Holding</b>	<b>45,000,000</b>	<b>45,000,000</b>
<b>Post Issued Capital</b>	<b>126,731,000</b>	<b>105,231,000</b>
<b>Percentage Held by Emars</b>	<b>36%</b>	<b>43%</b>

**2. Resolution 3 – Election of Mr Yuzheng Xie**

Resolution 3 seeks the appointment of Mr Yuzheng Xie as a director of Auvex. Resolution 3 is subject to resolutions 1 and 2 being passed.

It is a term of the Convertible Note that a representative of Emars be appointed, subject to Shareholder approval, to the board of Auvex. Mr Xie is the director nominated by Emars. Mr Xie is a Perth based business man with experience of the minerals industry in China. The Board of Auvex believes Mr Xie will add value to the Board and recommends his appointment.

---

### **Glossary**

**Auvex** means Auvex Resources Limited ACN 129 087 832

**Convertible Note** means the convertible notes to be issued in accordance with resolution 2 of this Notice.

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

**Emars** means Emars Mining Pty Ltd ACN 134 496 432.

**Notice** means this notice of meeting.

**Options** means an option to acquire Shares.

**Shares** means ordinary fully paid shares in the capital of Auvex.

**Shareholder** means a holder of Shares.

## ANNEXURE A

### TERMS AND CONDITIONS

#### 25 CENT OPTIONS EXPIRING 31 DECEMBER 2011

The Options to be issued pursuant to the Resolutions will 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 Auvex Resources Ltd ACN 129 087 832 ("**Company**") upon the payment of 25 cents per Share subscribed for.
3. The Options will lapse at 5.00 pm, 31 December 2011 ("**Expiry Date**").
4. The Options are not transferable and will not be listed for official quotation on the ASX.
5. 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.
6. 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.
7. 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;
8. 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.
9. 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.
10. 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.
11. 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 AND CONDITIONS

#### 50 CENT OPTIONS EXPIRING 31 DECEMBER 2013

The Options to be issued pursuant to the Resolutions will 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 Auvex Resources Ltd ACN 129 087 832 ("**Company**") upon the payment of 50 cents per Share subscribed for.
3. The Options will lapse at 5.00 pm, 31 December 2013 ("**Expiry Date**").
4. The Options are not transferable, and will not be listed for official quotation on the ASX.
5. 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.
6. 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.
7. 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;
8. 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.
9. 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.
10. 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.
11. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.



**AUVEX RESOURCES LIMITED  
ACN 129 087 832  
PROXY FORM**

*Please return this Proxy Form to the Company's Registered Office  
DWCorporate Pty Ltd, 23 Altona St West Perth WA 6005 or Facsimile on +618 9 389 2199*

**Member Details**

Name:

Address:

Contact Telephone Details:

being a member/members of Auvex Resources Limited HEREBY APPOINT

Name:

or failing that person then 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 on 22 January 2009 and at any adjournment of the meeting.

**PROXY INSTRUCTIONS**

If the Chair of the Meeting is appointed as your proxy, or may be appointed by default and 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 Chair may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as a proxy holder will be disregarded because of that interest.  
If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

The Chair has advised that his intention is to vote in favor of all resolutions.

I/We direct my/our Proxy to vote in the following manner:

RESOLUTION	FOR	AGAINST	ABSTAIN
1. Authority to Issue and Allot Securities by way of Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Authorise the issue of Securities by way of Loan Facility and Convertible Note Deed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Election of Yuzheng Xie as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

*This Proxy is appointed to represent \_\_\_\_\_ % of my voting right, or if 2 proxies are appointed Proxy 1 represents \_\_\_\_\_ % and Proxy 2 represents \_\_\_\_\_ % of my total votes*

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

**PLEASE SIGN HERE –**

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented

**Individual or Member 1**

**Member 2**

**Member 3**

**Sole Director and  
Sole Company Secretary**

**Director**

**Director / Secretary**

## INSTRUCTIONS FOR APPOINTMENT OF PROXY

1. A shareholder entitled to attend and vote is entitled to appoint no more than two proxies to attend and vote at this General Meeting as the shareholder's proxy. A proxy need not be a shareholder of the Company.
2. Where more than one proxy is appointed, each proxy must be appointed to represent a specific proportion of the shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the shareholder's voting rights. Fractions shall be disregarded.
3. The proxy form must be signed personally by the shareholder or his attorney, duly authorised in writing. If a proxy is given by a corporation, the proxy must be executed in accordance with its constitution or its duly authorised attorney. In the case of joint shareholders, this proxy must be signed by each of the joint shareholders, personally or by a duly authorised attorney.
4. If a proxy is executed by an attorney of a shareholder, then the original of the relevant power of attorney or a certified copy of the relevant power of attorney, if it has not already been noted by the Company, must accompany the proxy form.
5. To be effective, forms to appoint **proxies must be received by the Company no later than 48 hours** before the time appointed for the holding of this General Meeting **that is by 10.00 am on 20 January 2009** by post to 23 Altona St, West Perth WA 6005 or facsimile (61 8) 9389 2199.
6. If the proxy form specifies a way in which the proxy is to vote on any of the resolutions stated above, then the following applies:
  - (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way; and
  - (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
  - (c) if the proxy is the Chairperson, the proxy must vote on a poll and must vote that way, and
  - (d) if the proxy is not the Chairperson, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.

If a proxy is also a shareholder, the proxy can cast any votes the proxy holds as a shareholder in any way that the proxy sees fit.