

AustralianZircon

NL ABN 60 063 389 079

NOTICE OF ANNUAL GENERAL MEETING

AND

EXPLANATORY MEMORANDUM

Important Information

This is an important document that should be read in its entirety. If you do not understand this document you should consult your professional advisor without delay.

If you wish to discuss any aspect of this document with the Company please contact Mr Graham Seppelt on telephone (+61 8) 7325 6500

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AUSTRALIAN ZIRCON NL
ACN 063 389 079

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2015 Annual General Meeting of the members of Australian Zircon NL will be held at 52 Ord Street, West Perth at 11am (Perth time) on 27 November 2015 to consider the following business and, to consider and, if thought fit, to pass the following Resolutions:

AGENDA

FINANCIAL & OTHER REPORTS

To receive and consider the financial report for the year ended 30 June 2015 and the accompanying Directors' Report, Directors' Declaration and Auditor's Report.

RESOLUTION 1 - RE-ELECTION OF DR GERHARD KORNFELD

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

"That Dr Gerhard Kornfeld, having retired in accordance with the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company with immediate effect."

RESOLUTION 2 - 2015 REMUNERATION REPORT

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

"That the Remuneration Report that forms part of the Directors' Report for the financial year ended 30 June 2015, be adopted."

The Remuneration Report is set out in the Directors' Report in the Annual Report for the year ended 30 June 2015. Please note that the vote on Resolution 2 is advisory only and does not bind the Directors or the Company.

Voting Exclusion: In relation to voting on or after 1 August 2011, whether the resolution relates to a time before, on or after that date, Section 250BD of the Corporations Act will prevent Key Management Personnel and their Closely Related Parties from voting undirected proxies on a resolution connected with Key Management Personnel remuneration.

Pursuant to subsections 250R(4), (7), (8), (9) and (10) of the Corporations Act, subject to subsection 250R(5), members of Key Management Personnel (and their Closely Related Parties) will be prohibited from voting – either personally or by undirected proxy – on Resolution 2 at the Annual General Meeting.

Subsection 250R(5) of the Corporations Act provides that a member of the Key Management Personnel details of whose remuneration are included in the remuneration report (and their Closely Related Parties) ("**the voter**") may cast a vote on Resolution 2 at the Annual General Meeting as a proxy if the vote is not cast on behalf of such a member of the Key Management Personnel (or their Closely Related Parties) and either:

- The voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- The voter is the chair of the meeting and the appointment of the chair as proxy does not specify the way the proxy is to vote on the resolution and expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the company, or if the company is part of a consolidated entity, for the entity.

If you appoint the Chairman of the Annual General Meeting as your proxy, and you do not direct your proxy how to vote on Resolution 2 on the proxy form, you will be expressly authorising the Chairman of the Annual General Meeting to exercise your proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chairman of the Annual General Meeting.

DATED this 26th day of October 2015.

BY ORDER OF THE BOARD

J D Shervington
Chairman

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Notes:

Definitions

Terms which are used in this Notice and which are defined in Section 3 of the Explanatory Memorandum have the meanings ascribed to them therein.

Address

If you have recently changed your address or if there is an error in the name and address used for this Notice please notify the Company Secretary. In the case of a corporation, notification is to be signed by a director or company secretary.

Voting Entitlement

The Board has determined that a Shareholder's entitlement to vote at the Meeting will, in accordance with the Corporations Act, be the entitlement of that Shareholder set out in the register of members as at 6pm Perth time on the 25th day of November 2015.

This means that any Shareholder registered at 6pm Perth time on the 25th day of November 2015 is entitled to attend and vote at the Meeting.

Proxies

A member entitled to attend this Meeting and vote is entitled to appoint a proxy to attend and vote for the member at the Meeting. A proxy need not be a member. If the member is entitled to cast 2 or more votes at the Meeting the member may appoint 2 proxies. If a member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of the votes. A form of proxy is attached with this notice.

A body corporate appointed as a Shareholder's proxy may appoint a representative to exercise any of the powers the body may exercise as a proxy at the Meeting. The representative should bring to the Meeting evidence of this appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

A proxy's authority to speak and vote for a Shareholder at the Meeting is suspended if the Shareholder is present at the Meeting.

The proxy form must be signed and dated by the Shareholder or the Shareholder's attorney. Joint Shareholders must each sign.

In accordance with section 250BA of the Corporations Act, the Company specifies the following information for the purposes of receipt of proxy appointments. To vote by proxy, please complete and sign the proxy form enclosed with this Notice as soon as possible and either:

- Return the proxy form by post to Australian Zircon NL, PO Box 8242 Station Arcade, Adelaide, SA 5000; or
- Return the proxy form by delivery to Australian Zircon NL, Suite H4.6, Level 4, 172 North Terrace, Adelaide, SA 5000 ; or
- Send the proxy form to Australian Zircon NL on facsimile number +61 (0) 8 8212 6818.

To be effective a completed proxy form must be received by the Company by **no later than 11 am (Perth Time) on 25th November 2015.**

Where the proxy form is executed under power of attorney, the power of attorney must be lodged in like manner as the proxy.

Bodies Corporate

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at meetings of a company's shareholders. The appointment may be a standing one.

Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

AUSTRALIAN ZIRCON NL
ACN 063 389 079

EXPLANATORY MEMORANDUM

This Explanatory Memorandum forms part of a Notice convening the 2015 Annual General Meeting of Australian Zircon NL to be held at 11am on 27 November 2015 at 52 Ord Street, West Perth, Western Australia, 6005. This Explanatory Memorandum is to assist Shareholders in understanding the background to and the legal and other implications of the Notice and the reasons for the Resolutions proposed. Certain terms used in the Notice and this Explanatory Memorandum are defined in Section 3.

1. AGENDA ITEM 1

As required by Section 317 of the Corporations Act 2001, the Company's financial report for the year ended 30th June 2015 and the accompanying Directors' report, Directors' declaration and auditor's report will be laid before the Meeting. Neither the Corporations Act nor the Company's Constitution requires a vote on the reports. However, shareholders will have an opportunity to ask questions about the reports at the AGM.

2. RESOLUTION 1

Dr Gerhard Kornfeld having retired in accordance with the Company's Constitution and, being eligible, offers himself for re-election.

Dr Kornfeld holds a PhD, Master of Business Economics. He is a non executive director having been appointed on 23 August 2012.

Dr Kornfeld is the CEO of Australian Zircon's largest shareholder, DCM DECOMetal GmbH.

Dr. Kornfeld has extensive experience in the industrial and manufacturing sectors, mainly in the Central and Eastern Europe region and has held senior positions in the Siemens Group and Mondri Group.

The other Directors unanimously support the re-election of Dr Gerhard Kornfeld under Resolution 1.

The Chairman of the Meeting intends to vote all undirected proxies in favour of Resolution 1.

3. RESOLUTION 2

Shareholders are asked to adopt the Company's remuneration report. The remuneration report is set out in the Directors' report in the 2015 annual report. The remuneration report:

- (a) Describes the policies behind and the structure of the remuneration arrangements of the Company and the link between the remuneration of Directors and executives and the Company's performance.
- (b) Sets out the remuneration arrangements in place for each Director and for the other Key Management Personnel of the Company.
- (c) Explains the differences between the base remuneration for non executive Directors and executives.

A reasonable opportunity for discussion of the remuneration report will be provided at the Annual General Meeting. The vote on this resolution is advisory only, and does not bind the Directors or the Company.

Under the Corporations Act if:

- (a) At an Annual General Meeting ("**the Later AGM**") at least 25 % of the votes cast on a resolution that the remuneration report be adopted are against the adoption of the remuneration report; and
- (b) At least 25% of the votes cast at the immediately preceding Annual General Meeting ("**the Earlier AGM**") on a resolution that the remuneration report be adopted under sub-section 250R(2) of the Corporations Act were against the adoption of the remuneration report; and
- (c) No "Spill Resolution" was put at the Earlier AGM;

then a "Board Spill" resolution must be put at the Later AGM. The "Board Spill" resolution must be that:

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- a specially convened general meeting (“**the Spill Meeting**”) be held within 90 days; and
- all Directors who were Directors of the Company when the resolution by the Directors to make the Directors’ report considered at the Later AGM was passed and who are not a managing director of the Company who may continue to hold office indefinitely without being re-elected to the office in accordance with the Listing Rules cease to hold office immediately before the end of the Spill Meeting and resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting must be put to the vote at the Spill Meeting.

At the Company’s AGM held on 19 November 2014, less than 25% of the votes cast in respect of the remuneration report were against the adoption of the remuneration report.

Board commentary in relation to Resolution 2

At the Company’s 2014 AGM 85.6% of eligible votes cast were in favour of the remuneration report for the 2014 financial year with 14.4% against. The Company received no questions at the 2014 AGM in relation to its remuneration practices.

The Board takes seriously the need to ensure that executive and Board remuneration achieves an appropriate balance between the interests of Shareholders and the need to attract and retain executives and Board members who have the skills and expertise necessary to advance the Company’s interests as a whole.

The Board has confirmed its view that the Company’s remuneration structure is reasonable and appropriate.

Members of Key Management Personnel (and their Closely Related Parties) will be prohibited from voting – either personally or by undirected proxy – on Resolution 2 at the Annual General Meeting.

The Chairman of the Meeting intends to vote all undirected proxies in favour of Resolution 2.

3. DEFINITIONS

In this Explanatory Memorandum:

“**ASIC**” means Australian Securities and Investments Commission;

“**Associates**” has the meaning given in Section 10 to 15 of the Corporations Act;

“**ASX**” means ASX Limited ACN 008 624 691;

“**Chairman**” means the chairman of the Meeting;

“**Closely Related Parties**” has the meaning ascribed to it in Section 9 of the Corporations Act;

“**Company**” means Australian Zircon NL ACN 063 389 079;

“**Constitution**” means the constitution of the Company as amended from time to time;

“**Corporations Act**” means the Corporations Act 2001 (Cth);

“**Director**” means a director of the Company;

“**Explanatory Memorandum**” means this explanatory memorandum;

“**Key Management Personnel**” has the meaning ascribed to it in Section 9 of the Corporations Act;

“**Listing Rules**” means the official listing rules of the ASX;

“**Meeting**” means the meeting of Shareholders convened by this Notice;

“**Notice**” and “**Notice of Meeting**” means the notice of meeting to which this Explanatory Memorandum is attached;

“**Related Party**” has the meaning ascribed to it in Section 228 of the Corporations Act;

“**Resolution**” means a resolution set out in this Notice and “**Resolutions**” has a corresponding meaning;

“**Section**” means a section of this Explanatory Memorandum;

“**Securities**” has the meaning ascribed to it in the Listing Rules and includes the Incentives;

“**Share**” means an ordinary fully paid share in the capital of the Company and “**Shareholder**” has a corresponding meaning.

AUSTRALIAN ZIRCON NL
ABN 60 063 389 079
PROXY FORM

Australian Zircon NL
PO Box 8242
Station Arcade
South Australia, 5000
Fax Number: +8 8212 6818
Email: seppelt@bold.net.au

I/We _____

of _____

being a shareholder(s) of Australian Zircon NL hereby appoint _____

of _____

or failing him/her _____

of _____

or failing him/her the Chairman as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 11am, 27 November 2015 at 52 Ord Street, West Perth, Western Australia 6005 and at any adjournment thereof in respect of []% of my/our shares or, failing any number being specified, **ALL** of my/our shares in the Company. If two proxies are appointed, the proportion of voting rights this proxy is authorised to exercise is []%. (An additional proxy form will be supplied by the Company on request.)

If you wish to indicate how your proxy is to vote, please tick the appropriate places below. If no indication is given on a Resolution, the proxy may abstain or vote at his or her discretion.

I/we direct my/our proxy to vote as indicated below:

<u>Number</u>	<u>Resolution</u>	<u>For</u>	<u>Against</u>	<u>Abstain</u>
1	Re-election of Dr Gerhard Kornfeld	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	2015 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Proxies given by a natural person must be signed by each appointing shareholder or the shareholder's attorney duly authorised in writing. Proxies given by companies must be executed in accordance with section 127 of the Corporations Act or signed by the appointor's attorney duly authorised in writing. The Chairman intends to vote all undirected proxies in favour of each Resolution.

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 because of that interest.

If you do not mark this box, and you have not directed your proxy how to vote, the Chairman 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.

Please turn over for signature page.

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