
Erin Resources Limited
ACN 116 800 269
(to be renamed MGC Pharmaceuticals Ltd)

NOTICE OF GENERAL MEETING

**The General Meeting of the Company will be held at Level 7, 1008 Hay Street, Perth,
Western Australia on Monday 16 November 2015 at 11.00am (WST).**

This Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on (08) 9389 2000.

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Shareholders of Erin Resources Limited (**Company**) will be held at Level 7, 1008 Hay Street Perth, Western Australia on Monday 16 November 2015 at 11.00am (WST) (**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 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Friday 13 November 2015 at 5.00pm (WST).

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Section 10.

AGENDA

1. Resolution 1 – Change to scale and nature of activities

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

"That, subject to each of the other Acquisition Resolutions being passed, for the purposes of Listing Rule 11.1.2 and for all other purposes, the Company be authorised to make a significant change to the scale and nature of its activities on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this resolution by a person who might obtain a benefit (except a benefit solely in their capacity as holder of ordinary securities) if the Resolution is passed and any associates of those persons.

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 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.

2. Resolution 2 – Approval of Acquisition of MGC Pharma (UK) Ltd

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

*"That, subject to each of the other Acquisition Resolutions being passed, for the purposes of Listing Rule 7.1, and for all other purposes, Shareholders approve the issue of up to 200,000,000 Shares (**Consideration Shares**) and 100,000,000 Performance Shares (and 100,000,000 Shares on conversion of the Performance Shares) (together the **Consideration Securities**) to the Vendors (or their nominees) as consideration for the Acquisition on the terms and conditions in the Explanatory Memorandum."*

Voting Exclusion

The Company will disregard any votes cast on this Resolution by the Vendors, and their nominees, and a person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the Resolution is passed, and any associates of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by a 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.

3. Resolution 3 – Approval of Performance Shares

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

*"That, subject to each of the other Acquisition Resolutions being passed, and for the purposes of section 246B(1) of the Corporations Act and Articles 2.2 and 2.4 of the Constitution of the Company and for all other purposes, the Company be authorised to create a new class of share on the terms and conditions set out in the Explanatory Memorandum (**Performance Shares**)."*

4. Resolution 4 – Appointment of Mr Nativ Segev as a Director

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

"That, subject to each of the other Acquisition Resolutions being passed, in accordance with clause 13.3 of the Constitution, and with effect from Completion of the Acquisition, Mr Nativ Segev be appointed as a Director."

5. Resolution 5 – Appointment of Mr Roby Zomer as a Director

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

"That, subject to each of the other Acquisition Resolutions being passed, in accordance with clause 13.3 of the Constitution, and with effect from Completion of the Acquisition, Mr Roby Zomer be appointed as a Director."

6. Resolution 6 – Change of Company Name

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

"That, subject to each of the other Acquisition Resolutions being passed, with effect from the date that ASIC alters the details of the Company's registration in accordance with section 157 of the Corporations Act, the name of the Company be changed to MGC Pharmaceuticals Ltd."

7. Resolution 7 – Ratification of issue of May 2015 Placement Options

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

"That for the purposes of Listing Rule 7.4, and for all other purposes, Shareholders approve and ratify the prior issue by the Company of 25,000,000 May 2015 Placement Options to sophisticated and professional investors."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any of their associates.

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.

8. Resolution 8 – Authority to issue June 2015 Underwriting Options

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

*"That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Directors to issue up to 10,000,000 June 2015 Underwriting Class A Options and 10,000,000 June 2015 Underwriting Class B Options (together the **June 2015 Underwriting Options**) to the Sub-Underwriters (or their nominees) on the terms and conditions, set out in the Explanatory Memorandum."*

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue of the June 2015 Underwriting Options and a person who might obtain a benefit (except a benefit solely in their capacity as holder of ordinary securities) if the Resolution is passed and any of their associates.

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.

9. Resolution 9 – Authority to issue Placement Shares

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

*"That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Directors to issue up to 500,000 Shares (**Placement Shares**) each at an issue price of \$0.02 on the terms and conditions set out in the Explanatory Memorandum."*

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue of the Placement Shares and a person who might obtain a benefit (except a benefit solely in their capacity as holder of ordinary securities) if the Resolution is passed and any of their associates.

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.

10. Resolution 10 – Authority to issue Shares to Media and Capital Partners

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

*"That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Directors to issue up to 3,346,700 Shares (**M & C Shares**) to Media and Capital Partners (or its nominees) in lieu of fees payable for professional services on the terms and conditions, set out in the Explanatory Memorandum."*

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Media and Capital Partners and its nominees and a person who might obtain a benefit (except a benefit solely in their capacity as holder of ordinary securities) if the Resolution is passed and any of their associates.

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.

Dated 13 October 2015

BY ORDER OF THE BOARD



Mrs Rachel Kerr
Company Secretary

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Level 7, 1008 Hay Street Perth, Western Australia on Monday 16 November 2015 at 11.00am (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 set out 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 General 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.

3. Summary of the Acquisition

3.1 Background

The Company is a mineral exploration company, with interests in exploration permits in Senegal. The Company has also been considering other potential new opportunities in the resources sector. Following an extended period of difficult market conditions for junior resources companies, the Company remained open minded to acquisitions or investments in other sectors.

The Company announced on 18 May 2015 that it had signed a binding heads of agreement (**Option Agreement**) under which the Company had the option to acquire 100% of the issued capital of MGC (**Acquisition**). MGC is a medical and cosmetics cannabis company, formed in early 2015 to specifically target the global potential of the fast growing medical and cosmetic cannabis markets utilising their industry experience, contacts and exclusive access to a unique CBD genetics strain.

On 26 August 2015, the Company announced that it had exercised the option under the Option Agreement and would proceed to complete the Acquisition, subject to satisfaction of the conditions precedent. A formal sale and purchase agreement in respect of the Acquisition has been entered into between the Company and the Vendors (**Acquisition Agreement**).

Between the execution of the Option Agreement and the Acquisition Agreement, a performance milestone for a proposed class of performance shares that were originally proposed to be issued to the Vendors for the Acquisition was satisfied. Accordingly, the consideration payable under the Acquisition was revised to remove that proposed class of performance shares from the consideration payable, and to correspondingly increase the number of ordinary Shares to be issued to the Vendors.

Details of the Acquisition Agreement are set out in Section 3.8.

3.2 MGC Overview

(a) Overview of MGC Business

MGC was established in 2015 by leading Israeli medical cannabis industry executives, with the goal to create a global cannabidiol (CBD) and medical cannabis business, focused initially on the European CBD market. CBD is a non-psychoactive compound and is commonly used to treat many skin and health conditions including, acne, psoriasis, eczema and dry skin.

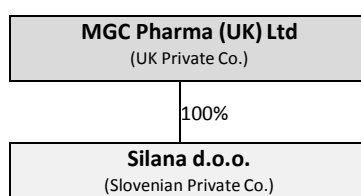
MGC's business is focused on growing of high CBD yielding cannabis sativa in an outdoor growing operation in Europe, which will produce two crop cycles per year. The CBD will be extracted at MGC's Slovenian facilities and sold as a wholesale product to cosmetic and therapeutic product manufacturers. The CBD will also be used to produce MGC's own line of cosmetic products in Slovenia under its joint venture with Natura Laboratories (refer to Section 3.4(b)).

The sale of the CBD resin from its first Slovenian crops is expected to commence in the first half of 2016.

MGC will evaluate additional business opportunities in Europe, North America or the Asia/Pacific region in the future depending on the legalisation of the CBD and medical cannabis industries in those jurisdictions.

(b) MGC Group Structure

The MGC Group comprises MGC and has entered an agreement to acquire a wholly owned subsidiary Slovenian subsidiary, Silana d.o.o as shown in the corporate structure below, post completion of the acquisition of Silana:



MGC is a UK incorporated company, and Silana is a Slovenian incorporated company. The MGC Group's operations are headquartered in Slovenia, which is part of the European Union.

(c) **Medical cannabis**

Cannabis, also known as marijuana, is part of a family of plants called Cannabaceae. There are over 700 varieties of cannabis that have been described to date, based on characteristics such as shape, colour, height and smell for example. Cannabis is usually recognised by two main types, cannabis sativa, which originated in the Western hemisphere and cannabis indica, which originated in Central and South Asia.

Medical cannabis refers to cannabis and its component cannabinoids, usually tetrahydrocannabinol (THC) and cannabidiol (CBD), to be used as medical therapy to treat diseases or alleviate symptoms of these diseases.

There are more than 70 compounds called “cannabinoids” that have been identified in cannabis, among them Δ^9 - tetrahydrocannabinol (THC) and CBD, a non-psychoactive component of cannabis which accounts for more than 50% of the known therapeutic applications. CBD is considered to have a wider scope of medical applications. A range of clinical studies indicated that CBD appears to relieve the symptoms of a number of conditions including convulsion (epilepsy), inflammation, anxiety, nausea and short term memory loss.

(d) **MGC business model and strategy**

MGC’s business model involves growing cannabis sativa plants from high CBD yielding genetic strain of seeds and extracting CBD resin from the plants grown. MGC will then both sell the CBD resin as a wholesale product to cosmetic and therapeutic product manufacturers, and use the CBD resin in its joint venture with Natura.

Simply put, MGC will grow a product, harvest it, dry out the plant, extract the resin through a standard Co2 separation process and then sell it to enterprise customers in bulk, individual consumers in delivery devices or other products, and use part of its supply with which to engage in further research and development for medical and therapeutic purposes.

The phases of MGC’s business are explained below.

1. Sativa High CBD yielding seeds

MGC holds seeds with unique genetics consisting of a strain of cannabis sativa which comprises of very low Tetrahydrocannabinol (THC) at below 0.3% and a very high CBD content in excess of 10%. Cannabis strains with high yields of CBD are highly sought after in the industry, as they generate higher amounts of CBD from a smaller distribution of cannabis.

MGC is currently in the process of establishing its first laboratory for its plant genetics and greenhouse facilities in Slovenia to plant its first CBD crop in March 2015.

MGC will then use the high yielding seeds to grow cannabis sativa L (Hemp) crops.

The MGC Group does not currently hold any registered protection of its intellectual property in its sativa high CBD yielding seeds and it is not yet known whether it will be in fact possible to obtain any registered protection of the intellectual property.

2. Growing cannabis sativa

MGC has secured two licenses from the Slovenian Government to grow, process and trade its unique cannabis sativa L (Hemp) and its products in European Union markets through its agreement to acquire Silana. The first license enables MGC to establish a growing operation in the region. The second license enables MGC to extract and export the CBD resin from the Cannabis Sativa L at the growing facility.

The ability to both grow and process Cannabis Sativa L in Slovenia provides MGC with a number of avenues to commercialise its growing operation. Other companies have been required to export the raw Hemp product to other countries, primarily Switzerland for processing.

MGC has now secured the site for its first CBD cropping and greenhouse facilities in Slovenia. As Slovenia has a strong agriculture industry and an abundance of available farmland, MGC's plan is to initially lease the selected property and has secured an option to purchase it. The MGC team advanced in the planning, design and sourcing the local inputs and construction materials to build its greenhouses and growing facilities.

MGC will be operating with minimised capital costs and operating expenses by establishing outdoor growing operations, which by direct comparison require significantly less capital and operating costs than indoor growing, climate controlled operations.

The growing conditions for the Sativa strain are similar to that of hemp and more favourable than that of medical cannabis, requiring significantly less space to grow. MGC will be able to grow two (2) crops for up to eight (8) months of the year in the Slovenia (Northern Hemisphere) outdoor operations.

Although its primary focus will be growing operations in Slovenia, MGC has also secured the option to acquire a license to grow its cannabis sativa L in Namibia. Establishing operations and strategic relationships in the Southern Hemisphere is a subsequent stage of MGC's business strategy. Through harvesting only in the optimal seasons, being April to October in the Northern Hemisphere and November to May in the Southern Hemisphere, MGC ultimately aims to become a low cost producer and supplier of CBD extract. The ability to grow crops all year round will also ensure the business has the ability to generate cash flows for the full 12 months of the year.

3. Extracting CBD Resin

As noted above, MGC has secured its premises where the laboratory and extraction facility will be located, outside Ljubljana.

The extraction process to be used is known as a CO₂ Super Critical Fluid extraction process, which is a well known and commonly used extraction process in the pharmaceutical and chemical industries- for food, biofuels and agriculture as a few examples. The process is outlined in the following Figures.

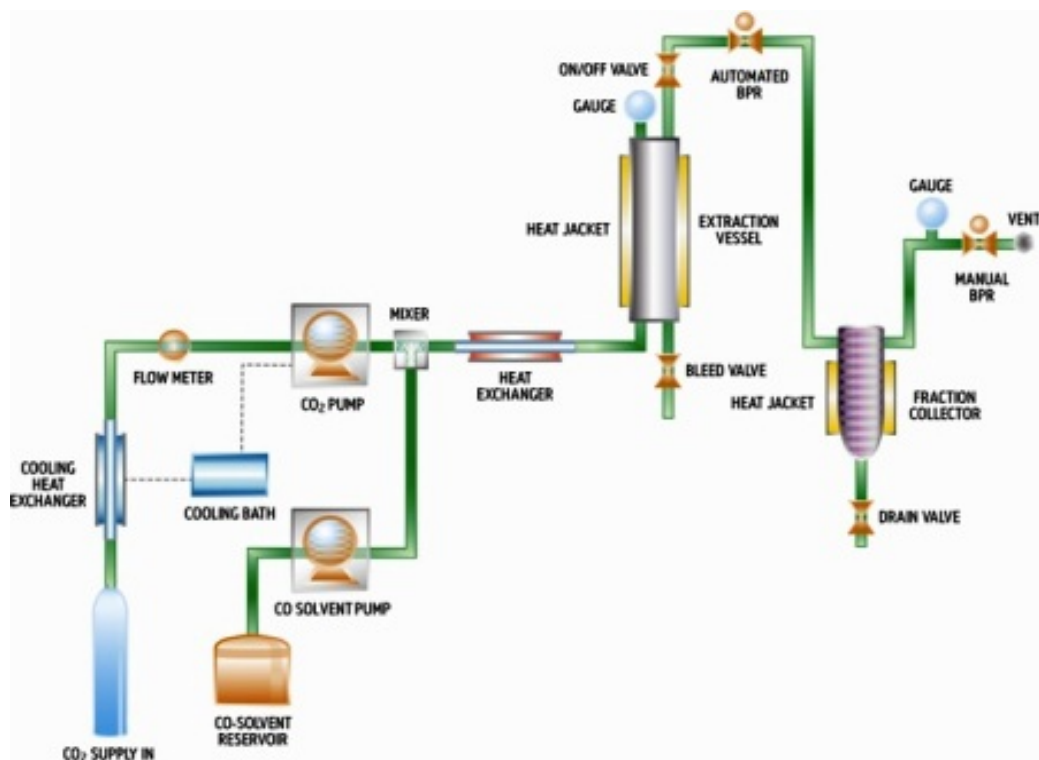


Figure 1. Extraction Process



Figure 2. MGC's CBD Extraction System Equipment

MGC proposes to maintain all of its facilities as certified GMP (Good Manufacturing Practices), GAP (Good Agricultural Practices), and GLP (Good Laboratory Practices), as part of ensuring that only the highest quality product will enter MGC's supply chain and reach the customer.

4. Selling and using CBD resin

The CBD resin extracted at MGC's Slovenian facilities will be sold as a wholesale product to cosmetic and therapeutic product manufacturers. The CBD resin will also be used to produce MGC's own line of cosmetic products in Slovenia under its joint venture with Natura (refer to Section 3.4(b)). MGC and Natura have also entered into an Off-Take Agreement for CBD resin (refer to Section 3.4(a) for further details).

MGC business model is focused on the growing of high CBD yielding cannabis sativa crop, with the plants harvested after a 4 month growth cycle and then the whole plant processed through a CO₂ extraction process to separate and capture the high value CBD resin. CBD resin is used as a base product for a number of medical and cosmetic products globally.

CBD is sold currently in Europe for approximately €50,000-70,000 per litre of 100% purity product. MGC is targeting the production of a 60% purity CBD resin product, and the pricing discount is effectively calculated on a straight-line basis.

The MGC revenue model is based on producing and selling the 60% purity CBD resin as a wholesale product to the cosmetic, therapeutic and medical product producers, like Natura Laboratories.

In addition, MGC wants to create a line of vertically integrated CBD products in order to capture a higher margin of its CBD produced than by selling the 60% resin to the wholesale market. This would be an additional revenue stream and is the commercial motivation behind the Natura Joint Venture to create a line of MGC cosmetic products.

(e) **Research and development initiatives**

MGC will perform research and development in the following fields relating to the medical cannabis industry, as part of our current and future joint venture initiatives:

- R&D in Cannabis and CBD Genetics
- R&D collaboration with respect to CBD based Medical Devices and Treatments (eg. Cosmetic products developed under the NATURA JV)
- R&D for medical conditions including epilepsy and other ailments that have shown positive responses to treatment with CBD

(f) **MGC's business versus other medical cannabis related businesses**

MGC is focusing its energies and resources on CBD, the lesser known and until recent years the less understood part of the Cannabis plant. MGC is leveraging itself to be a supply chain leader for a product that could be at the forefront of a revolution in new and traditional medicines and medical treatments in the future.

While other growers are dealing with the difficulties of manufacturing a labour intensive product, fighting legislation, and dealing with slow acceptance from financial markets, MGC is seeking to quietly establish itself by growing mass quantities of a more easily grown and harvested plant, with less contentious end users.

Obviously, as legislation worldwide begins to change, MGC will not ignore its skills and resources in the Medical Cannabis field generally. MGC will remain open to finding revenue sources in products of both iterations (THC & CBD). MGC will seek to do this through joint ventures, branding itself as a quality brand in the field worldwide, and establishing long term relationships with major buyers.

MGC's entire process is highly research & development oriented. Each harvest and each planting will be an opportunity to learn about ideal plant conditions, geographic differences, cloning and tissue culture options, and more. MGC's extraction process, and laboratories, will constantly be pushing the boundaries on techniques and technologies to maximize our extract per plant and to create the highest quality and value products on the market.

MGC intends to place itself at the forefront of public awareness of CBD, via branding, and via research and development projects with high exposure value. Additionally, MGC will become a member of local groups for growers, extractors and providers of similar products.

3.3 Industry and Market Overview

(a) **Overview of the medical cannabis market**

The medical cannabis market is in its infancy. Currently, around the world, laws are changing daily, access to the benefits of medical cannabis is expanding along with awareness and research.

USA

The legalisation of medical marijuana is the key driving force behind the increasing attractiveness of the US market affecting also the rest of the world. Currently, the use of medical marijuana is legal in 23 states, of which California, with over half a million MC patients, is the largest. Twelve states have passed, or are about to pass CBD only medical cannabis regulations.

Medical marijuana is still not legal at the federal level. Recently, new Senate legislation has passed shielding medical marijuana patients, from federal prosecution in states that have legalised marijuana for medical purposes. Other pending legislation is calling to reclassify marijuana from a Schedule I drug, which has no medical benefit and includes recreational drugs (like LSD and heroin), to a Schedule II drug, which has an accepted medical use.

Canada

The Marijuana for Medical Purposes Regulations (MMPR) regulation took effect in April 2014 and essentially overhauled the existing regulations around medical marijuana. In essence, the MMPR facilitates production of marijuana by commercial producers who must comply with strict safety and quality demands. It also streamlines the application process for patients who now need a prescription from a health care practitioner. Twenty-three licenses have been issued to commercial producers that supply patients directly. Health Canada has estimated that the number of patients using medical cannabis is approximately 50,000 currently and they predict the number will grow.

Europe

Europe is a small market but growing. It is served primarily by the Dutch company Bedrocan and imported by individual patients from across Europe. The Czech Republic is about to launch a national medical cannabis program with a number of local growers. Italy is joining the trend and the military has taken the role to grow in secured location. The current estimated compounded annual growth is approximately 15% for the European market as a whole.

Patients require prescriptions, in some cases from neurologists rather than GP's, while distribution is conducted through pharmacies or other types of regulated dispensaries.

Australia

The use of medical Cannabis is currently illegal, but current legislation is not actively enforced where terminally ill patients in possession of marijuana are concerned. It is however not illegal for Australian companies to conduct operations of the production of medical cannabis products in other jurisdictions where such operations are legal. New South Wales has announced several trials to start in 2016 including epilepsy in children and pain relief in adults. Additionally, in a process to be completed by the end of 2015, Victoria aims to become the first state to legalise medical marijuana in Australia.

Israel

The 3rd country to have set up a medical cannabis program on a national scale, Israel has a well-developed and well-regulated cannabis growing sector. Furthermore, Israel is at the forefront of research around medical cannabis.

(b) Target markets

USA

The legalisation of medical cannabis is the key force behind the increasing attractiveness of the US market and also with direct influence on the global markets.

The current size of the medical cannabis market is approximately USD 2billion (2014-15).

730,000 patients have received medical recommendations to use cannabis to date, with the reported total over one million registered patients.

Canada

The market for medicinal use of cannabis is estimated at \$144 million in 2014 and has been growing by approximately 23% on a year on year basis.

Europe

Medical cannabis is currently imported (in small quantities) from the Netherlands and used by patients in 10 European countries. The largest markets are: France, Italy, Netherland and Romania.

(c) **The future of cannabis**

Global momentum around Medical Cannabis is improving strongly especially in the US. Almost without exception, legislation globally is developing in favour of medical cannabis.

Additionally, increasing public pressure is being placed on governments to change legislation in countries where medical cannabis legislation is still relatively restricted or improve existing regulations. Currently, the use of medical cannabis is legal in 23 states, of which California, is the largest. Twelve US states have passed, or are about to pass CBD only medical cannabis regulations. These numbers are expected to rise towards 40 states by 2020 as pending legislation in a number of states is expected to be put into practice in the next few years.

3.4 MGC Group Material Contracts

As referred to in Section 3.2, the MGC Group Companies are party to two key agreements with Natura, being the Off-Take Agreement and a Joint Venture Agreement. Summaries of these material agreements are set out below.

(a) **Off-Take Agreement**

MGC and Natura have entered into an off-take agreement for CBD resin extracted from cannabis plants (**Off-Take Agreement**). Under the Off-Take Agreement, Natura has agreed to be ready to buy and MGC will provide a minimum of 300kg of CBD resin per year, according to the demands of Natura's CBD products and customers.

The initial agreed price is €55,000 per kg of 100% purity CBD resin, with the price to be pro-rated according to the percentage of purity. Where Silana has sourced the CBD resin from other producers the price payable by Natura will be determined on a cost plus 5% basis.

The agreement is for a term of four years. The agreement can be terminated by either party with 30 days written notice if no commercial steps or obligations have been carried out by each of the parties within 6 months of the date of the agreement.

MGC and Natura have granted each other exclusivity in respect of the sale and purchase of CBD resin for the duration of the agreement.

(b) **CBD Cosmetics Joint Venture Agreement**

MGC and Natura entered into joint venture agreement dated 15 June 2015, to use their respective know-how and expertise, for research and development, and then production, of end-user over the counter formulas and other intellectual property for the cosmetics and pharmaceuticals industry based on cannabinoids generated from cannabis plants (**Joint Venture Agreement**).

Under the joint venture, MGC will contribute its know-how, intellectual property and resources in relation to the growing of cannabis plants and processing of cannabinoids (including CBD) generated from cannabis plants, with the CBD to be used as the base ingredient to a series of new cosmetic over the counter products. Natura will contribute research and development services and manufacturing services as shall be required for the purpose of the joint venture. The parties will jointly decide on distribution channels and the reseller services required for marketing the products produced by the joint venture.

Each party will be entitled to be reimbursed from the joint venture revenue the agreed costs incurred by it. Any excess joint venture revenue after payment of the agreed costs to each party will constitute net profit, which will be shared by the parties MGC (51%) and Natura (49%).

All funding for the joint venture activities will be borne equally by the parties in accordance with an agreed budget. The ownership of any intellectual property, or improvements on intellectual property owned by a party on commencement, developed within the framework of the joint venture will be owned by the parties in their profit sharing proportions.

The agreement is for no fixed term and can be terminated by either party with 30 days written notice, if no commercial steps or obligations have been carried out by each of the parties within 6 months of the date of the agreement, or if no material research or development activity is performed for a consecutive period of 2 months. The agreement can also be terminated promptly in the case of material breach or the occurrence of insolvency events in respect of a party.

For the duration of the agreement that parties have agreed to certain exclusivity obligations. Natura has agreed not to conduct any research and development, processes, development of products, or registration of intellectual property rights produced or developed from cannabis plants, outside of the joint venture (or otherwise with MGC). MGC has agreed to cooperate with Natura on an exclusive basis in the research and development process of cosmetic products made of cannabis plants in the cosmetic industry.

MGC and Natura have agreed to incorporate a joint venture company owned 51% by MGC and 49% by Natura to regulate the ongoing joint venture relationship.

3.5 Management of MGC

The key management personnel of MGC (who will become the key management personnel of the Company following completion of the Acquisition) are as follows:

- (a) Nativ Segev (Co-Founder and Managing Director)

Mr Segev is a co-founder and currently the managing director of MGC, and from Completion, will become the managing director of the Company.

Refer to Section 7.2 for a brief profile of Mr Segev.

The principal proposed terms of the executive services agreement with Mr Segev for the position of managing director and chief executive officer will include the following (with the details of his remuneration package still to be finalised and approved by Erin):

- (i) The agreement has no fixed term and may be terminated:
 - (A) by either party without cause with six months' notice, or in the case of the Company, immediately with payment in lieu of notice;
 - (B) by the Company on one months' notice, if Mr Segev is unable to perform his duties due to illness, accident or incapacitation, for three consecutive months or a period aggregating more than three months in any 12 month period; or
 - (C) promptly following material breach or in the case of misconduct.
- (ii) Other industry standard provisions for a senior executive of a public listed company.

(b) Roby Zomer (President and Chief Technical Officer)

Mr Zomer is currently the president and chief technical officer of MGC, and from Completion, will become a technical director and chief operating officer of the Company.

Refer to Section 7.3 for a brief profile of Mr Zomer.

The principal proposed terms of the executive services agreement with Mr Zomer for the position of technical director and chief operating officer will include the following (with the details of his remuneration package still to be finalised and approved by Erin):

- (i) The agreement has no fixed term and may be terminated:
 - (A) by either party without cause with six months' notice, or in the case of the Company, immediately with payment in lieu of notice;
 - (B) by the Company on one months' notice, if Mr Segev is unable to perform his duties due to illness, accident or incapacitation, for three consecutive months or a period aggregating more than three months in any 12 month period; or
 - (C) promptly following material breach or in the case of misconduct.
- (ii) Other industry standard provisions for a senior executive of a public listed company.

(c) Elad Segev (Manager of Breeding and Cultivation)

Mr Elad Segev is currently the manager of breeding and cultivation of MGC, and from Completion, will become the manager of breeding and cultivation of the Company. Mr Elad Segev has vast experience in growing medical cannabis, as well as proficiency in tissue culture methods and mother cultivations, to improve and maintain a high quality of genetics patterns. In addition, Mr Elad Segev has over 7 years of experience in international project management in the biofuels and medical cannabis industries.

The principal proposed terms of the executive services agreement with Mr Elad Segev for the position of manager of breeding and cultivation will include the following (with the details of his remuneration package still to be finalised and approved by Erin):

- (i) The agreement has no fixed term and may be terminated:
 - (A) by either party without cause with three months' notice, or in the case of the Company, immediately with payment in lieu of notice;
 - (B) by the Company on one months' notice, if Mr Elad Segev is unable to perform his duties due to illness, accident or incapacitation, for three consecutive months or a period aggregating more than three months in any 12 month period; or
 - (C) promptly following material breach or in the case of misconduct.
- (ii) Other industry standard provisions for a senior executive of a public listed company.

3.6 Budget

Following completion of the Acquisition, the Company intends to apply funds as follows:

PROPOSED BUDGET	
Existing cash	\$2,150,000
USE OF FUNDS	
Growing Facilities, including greenhouses	\$500,000
Extraction and Laboratory Facilities	\$425,000
Natura Joint Venture – Cosmetic Product Line	\$135,000
MGC Genetic Research and Development	\$400,000
Corporate Overheads and Operating Costs	\$400,000
Senegal Gold Projects Costs	\$100,000
Working Capital	\$51,451
Costs of the offer	\$138,549
Total	\$2,150,000

Note:

The above table is a statement of the Board's current intention as at the date of this Notice. However, Shareholders should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions and environmental factors. In light of this, the Board reserves the right to alter the way the funds are applied.

3.7 Board and management Changes

Following the completion of the Acquisition, the Company will seek changes to its Board of Directors, with two new Directors, Mr Nativ Segev and Mr Roby Zomer to be appointed as Directors. At this time, existing Director Mr Nick Poll will resign from the Board. Mr Segev is a co-founder and managing director of MGC. Mr Zomer is a director and the chief technical officer of MGC.

Shareholder approval for the appointment of Messrs Segev and Zomer is being sought pursuant to Resolutions 4 and 5. Refer to Section 7 for more information on the qualifications of Messrs Segev and Zomer.

3.8 Terms of the Acquisition Agreement

The Company has entered into the Acquisition Agreement with the Vendors pursuant to which the Vendors have agreed to sell 100% of the issued capital of MGC to the Company. The principal terms of the Acquisition Agreement are as follows:

- (a) The consideration is 200,000,000 Consideration Shares and 100,000,000 Performance Shares. An option exercise fee of US\$25,000 was paid on exercise.
- (b) The Acquisition is conditional upon, and subject to, a number of conditions. These conditions have either been satisfied or substantially satisfied, with the exception of the following conditions which remain outstanding at the date of this Notice:
 - (i) Erin completing due diligence on the MGC Group's business, assets, operations, financial position, financial performance and any further matters relevant to the MGC Group in each case to the satisfaction of Erin;

- (ii) The Vendors completing due diligence on the Company's business, assets, operations, financial position, financial performance and any further matters relevant to the Company in each case to the satisfaction of the Vendors;
 - (iii) Erin obtaining all necessary shareholder approvals as are required (including under Erin's constitution, the Listing Rules and the Corporations Act) to give effect to the transactions contemplated by the Acquisition Agreement, including the issue of the Consideration Securities;
 - (iv) each MGC Group Company obtaining any third party consents or approvals required, including from counterparties to contracts and shareholder approvals, to give effect to the transactions contemplated by the Acquisition Agreement;
 - (v) the Vendors entering into such form of restriction agreement in respect of the Consideration Securities that they are to receive as consideration as required by the ASX; and
 - (vi) Erin obtaining all necessary regulatory approvals on terms acceptable to Erin and the Vendors as are required to give effect to the transactions contemplated by the Acquisition Agreement, including (if required) re-compliance with chapters 1 and 2 of the Listing Rules and Erin receiving conditional approval from ASX to reinstate Erin's quoted securities to trading on ASX following completion of the Acquisition on terms which Erin believes are capable of satisfaction.
- (c) The Vendors have acknowledged that some or all of the Consideration Securities may be subject to escrow restrictions in accordance with the requirements of ASX and agree to execute such form of restriction agreement as required by the ASX.
- (d) There are standard commercial warranties regarding the MGC Group provided by the Vendors associated with the Acquisition.
- (e) The key terms on which the Performance Shares will be issued are in Schedule 3.

Resolution 2 seeks Shareholder approval for the issue of the Consideration Securities pursuant to the Acquisition.

3.9 Effect of the Acquisition on the Company

Below is a table showing the Company's current capital structure and the capital structure on issue of the Consideration Shares and other Securities contemplated by this Notice.

	Shares	Performance Shares	Unlisted Options
Balance at the date of this Notice	507,586,552 ⁽¹⁾	-	53,500,000 ⁽²⁾
To be issued pursuant to the Acquisition	200,000,000	100,000,000	-
June 2015 Underwriting Options to be issued	-	-	20,000,000 ⁽³⁾
Issue of Placement Shares and M & C Shares	3,846,700	-	-
Balance following completion of the Acquisition	711,433,252	100,000,000	73,500,000
Shares to be issued to Vendors on achievement of Performance Share Milestone	100,000,000	-	-
Balance following completion of the Acquisition and assuming conversion of all Performance Shares	811,433,252	-	73,500,000

- (1) Comprises:
 - (a) 494,586,552 Ordinary Shares
 - (b) 13,000,000 VHL Ordinary Shares. The voluntary holding lock for the VHL Ordinary Shares will be released if Erin Resources Ltd, reaches an enterprise value of \$25 million for 10 consecutive trading days or a change of control event occurs in relation to the Company. If, by 14 September 2017, the enterprise value milestone is not reached and there is no change of control event in relation to the Company, the VHL Shares will be cancelled by way of a selective capital reduction or share buyback (at \$0.000001 per VHL Share).
- (2) Comprises:
 - (a) 4,000,000 options each exercisable at \$0.20 on or before 30 June 2017.
 - (b) 1,000,000 options each exercisable at \$0.30 on or before 23 January 2018.
 - (c) 500,000 options each exercisable at \$0.35 on or before 23 January 2018.
 - (d) 500,000 options each exercisable at \$0.40 on or before 23 January 2018.
 - (e) 36,250,000 options each exercisable at \$0.025 on or before 30 June 2017.
 - (f) 11,250,000 options each exercisable at \$0.04 on or before 30 June 2017.
- (3) Comprises:
 - (a) 10,000,000 June 2015 Class A Underwriting Options each exercisable at \$0.025 on or before 30 June 2017 (refer to Schedule 5 for further details).
 - (b) 10,000,000 June 2015 Class B Underwriting Options each exercisable at \$0.04 on or before 30 June 2017 and subject to vesting conditions (refer to Schedule 5 for further details).

3.10 Pro-forma Balance Sheet

A pro-forma balance sheet of the Company on completion of the Acquisition is set out in Schedule 2.

3.11 Advantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Acquisition Resolutions:

- (a) The Company will be exposed to a growth industry, and Shareholders can share in the future prospects of MGC Group's business.
- (b) The Company's ability to raise funds and attract expertise will be improved.
- (c) The Acquisition may encourage new investors in the Company because the Company is pursuing a new strategic direction. This improvement in the attractiveness of an investment in the Company may lead to an increased liquidity of Shares and greater trading depth than currently experienced by Shareholders.
- (d) Shareholders may be exposed to further debt and equity opportunities that it did not have prior to the Acquisition.
- (e) The appointment of the Proposed Directors will add experience and skill to the Board to assist with the growth of the Company.

3.12 Disadvantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the Acquisition Resolutions:

- (a) The Company will be changing the nature and scale of its activities to comprise the cultivation of cannabis for the development of medical and cosmetic products which may not be consistent with the objectives of existing Shareholders.
- (b) The business of the MGC Group has a different risk and reward profile than the Company has historically. The new risk profile may not suit all Shareholders.
- (c) Should the Acquisition be completed, the Company's Shareholders will have their voting power reduced. As such, the ability of the existing Shareholders to influence decisions, including the composition of the Board or the acquisition or disposal of assets will be reduced accordingly.

- (d) The Company will be exposed to the risks associated with the MGC Group (refer to Section 3.14 for further information).

3.13 Timetable

An indicative timetable for the completion of the Acquisition and re-compliance with Chapters 1 and 2 of the Listing Rules is in the table below.

Event	Date*
Lodgement of Prospectus	5 November 2015
Shareholder Meeting	16 November 2015
Completion of Acquisition	3 December 2015
Re-instatement to Trading	On or before 10 December 2015

*Dates in the above table other than the Shareholder Meeting are indicative only.

3.14 Risk Factors

The Company has undertaken a due diligence process (including commercial, financial, legal, technical and other risks) prior to the date of this Notice and will conduct further due diligence on MGC Group pending Completion. While this process is undertaken to identify any material risks specific to MGC Group and its business, it should be noted that the usual risks associated with companies with a small market capitalisation undertaking business in the on-line advertising sector are expected to remain after the completion of due diligence.

Shareholders and investors should also be aware that the Acquisition to acquire MGC Group is conditional on a number of events (refer to Section 3.8 above). Accordingly there is a risk that the Acquisition may not be completed.

Investing in a company involves risks of various kinds, some of which are within the realms of influence of the Company and some, arising from external factors, which may be beyond the control of the Company. A summary of the risks associated with the Acquisition and ongoing operation of the MGC Group business are outlined in Schedule 1.

3.15 Current Business

The existing Directors and proposed Directors have not made a decision as to how the Company's current mineral exploration assets will be treated, in the event that the Acquisition Resolutions are approved and the Acquisition is completed (which may or may not occur).

The Company may seek to sell or otherwise dispose of the Company's current mineral exploration assets, but no decision has yet been made to that effect and no prospective buyer or terms of sale or other disposal have been ascertained. If the Acquisition is completed, the Company has budgeted to spend approximately \$200,000 in the ensuing 12 months to keep the mineral exploration assets in good standing in order to facilitate an appropriate transaction to the benefit of all Shareholders.

4. Resolution 1 – Change to scale and nature of activities

4.1 Background

Resolution 1 seeks approval from Shareholders under Listing Rule 11.1.12 for the significant change to the scale and nature of the activities of the Company as a result of the Acquisition.

Resolution 1 is an ordinary resolution. Resolution 1 is subject to the approval of each of the other Acquisition Resolutions.

4.2 Listing Rule 11.1 Requirements

Chapter 11 of the Listing Rules requires Shareholders to approve any significant change in the nature or scale of a company's activities. The acquisition of MGC by the Company will have the effect of increasing the scale and changing the nature of the Company's activities.

Resolution 1 seeks Shareholder approval to allow the Company to complete the Acquisition thereby increasing the scale and nature of its activities. The Company has historically operated as a mineral exploration company. Therefore the proposed Acquisition will change the scale and nature of the Company's activities. Accordingly the Company must:

- (a) under Listing Rule 11.1.1, notify ASX of the proposed change;
- (b) under Listing Rule 11.1.2, obtain shareholder approval to undertake the change; and
- (c) under Listing Rule 11.1.3, meet the requirements of Chapters 1 and 2 of the Listing Rules as if the Company was applying for admission to the official list of ASX, if required by ASX. The ASX has confirmed that the Company will need to re-comply with the requirements of Chapters 1 and 2 of the Listing Rules. The Company has sufficient cash to meet its stated objectives for the 12 months following completion of the Acquisition (refer to Section 3.4 for further information). Accordingly, the ASX has confirmed that the Company does not need to conduct a capital raising to meet the requirements of re-compliance.

See Section 3 of this Explanatory Memorandum for further information on the Acquisition and the likely affect that the Acquisition will have on the Company.

A voting exclusion statement is included in the notice.

5. Resolution 2 – Approval of Acquisition of MGC Pharma (UK) Ltd

5.1 General

As outlined in Section 3.1 of this Explanatory Memorandum, the Company is proposing to acquire all of the shares in MGC from the Vendors.

The Acquisition is subject to the Conditions set out in Section 3.8 above, including the requirement to obtain Shareholder approval.

A detailed description of the proposed Acquisition and MGC's business is outlined in Section 3 above.

Listing Rule 7.1 provides that a company must not (subject to specified exceptions), without the approval of shareholders, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Given the Consideration Securities to be issued under Resolution 2 will exceed the 15% threshold set out in Listing Rule 7.1 and none of the exceptions contained in Listing Rule 7.2 apply, Shareholder approval is required under Listing Rule 7.1.

Resolution 2 seeks Shareholder approval pursuant to Listing Rule 7.1 to issue the Consideration Securities to the Vendors as consideration for the Acquisition.

Resolution 2 is an ordinary resolution. Resolution 2 is subject to the approval of each of the other Acquisition Resolutions.

5.2 Specific Information required by Listing Rule 7.3

The following information is provided for the purposes of Listing Rule 7.3:

- (a) The maximum number of securities the Company will issue under Resolution 2 is 200,000,000 Shares and 100,000,000 Performance Shares (and 100,000,000 Shares on conversion of the Performance Shares).
- (b) The Consideration Securities will be issued to the Vendors, being the parties set out below:

Vendor	Number of Shares	Number of Performance Shares
Shachar Shimony, Adv. (held on trust for Nativ Segev)	100,000,000	50,000,000
Thor's Hammer Limited as trustee for the Thor's Hammer Trust NZ	50,000,000	25,000,000
Mr Brett Clifford Lawrence as trustee for the Arcadia Investment Trust	30,000,000	15,000,000
Lancaster Equity Pty Ltd	20,000,000	10,000,000
Total	200,000,000	100,000,000

- (c) The Consideration Securities (other than the Shares to be issued on conversion of the Performance Shares) will be issued no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that the Consideration Shares and Performance Shares will be issued on the same date, being the date of completion of the Acquisition. The Shares to be issued on conversion of the Performance Shares will be issued on achievement of the relevant Milestone by the relevant expiry date, being the date which is 3 years after completion of the Acquisition.
- (d) The Consideration Securities will be issued for nil cash consideration as they are being issued as part of the consideration for the Acquisition. Accordingly, no funds will be raised from the issue of the Consideration Securities.
- (e) The Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares, and the Performance Shares will be issued on the terms set out in Schedule 3.
- (f) A voting exclusion statement is included in the Notice.

6. Resolution 3 – Approval of Performance Shares

The Company seeks Shareholder approval to create the Performance Shares as a new class of Shares on the terms and conditions in Schedule 3.

Resolution 3 is a special resolution. Resolution 3 is subject to the approval of each of the other Acquisition Resolutions.

Under clause 2.2 of the Constitution and, subject to the Corporations Act, the Listing Rules and the Constitution, the Directors may at any time issue such number of Shares either as ordinary shares or shares of a named class or classes (being either an existing class or a new class) at the issue price that the Directors determine and with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Directors shall, in their absolute discretion, determine.

Section 246C(5) of the Corporations Act provides that if a company has one class of share and seeks to issue a new class of share, such issue is taken to vary the rights attached to the shares already issued.

Under section 246B(1) of the Corporation Act, if a company has a constitution which sets out the procedure for varying or cancelling (in the case of a company with share capital) rights attached to shares in a class of shares, those rights may be varied or cancelled only in accordance with the procedure. In accordance with clause 2.4 of the Constitution, if at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied, whether or not the Company is being wound up:

- (a) with the consent in writing of the holders of three quarters of the issued shares of that class; or
- (b) authorised by a special resolution passed at a separate meeting of the holders of the shares of the class.

Accordingly, the Company seeks approval from Shareholders for the issue of the Performance Shares as a new class of shares on the terms set out in Schedule 3 of this Explanatory Memorandum.

The Company is also seeking approval in Resolution 2 from Shareholders to issue Performance Shares to the Vendors.

The Company has requested the ASX to consider whether the terms of the Performance Shares are appropriate and equitable for the purposes of Listing Rule 6.1, and to approve the issue of the Performance Shares Pursuant to Listing Rule 6.2. ASX has provided such approval.

7. Resolutions 4 and 5 – Appointment of Directors

7.1 General

In connection with the Acquisition, Mr Nativ Segev and Mr Roby Zomer are proposed to be appointed as Directors.

Clause 13.3 of the Constitution provides that the Company in general meeting may by ordinary resolution appoint any person as a Director.

Each of Messrs Segev and Zomer, having consented to act, seek approval to be appointed as Directors with effect from Completion of the Acquisition.

7.2 Candidate Director's Profile – Mr Nativ Segev (Resolution 4)

Mr Segev has extensive experience in the medical cannabis industry including in industrial medical cannabis manufacturing and system design. Between 2012 and 2014 he was the CEO of Israel's second largest licensed medical cannabis company, Cann Pharmaceuticals (known as Better Cannabis). Mr Segev led that company from start-up through to a large private equity investment.

During these years Mr Segev was heavily involved in the medical cannabis regulation process in Israel and the Czech Republic, together with developing new medical treatments and spearheading the discovery of new strains of cannabinoids. Mr Segev MGC recently founded MGC to focus on the expanding European market for cannabinoids in the cosmetic industry.

7.3 Candidate Director's Profile – Mr Roby Zomer (Resolution 5)

Mr Zomer brings a wealth of industrial cannabis Sativa (Hemp) growing and extraction experience, and has over 6 years' experience in the field of Eco Sustainable Projects. In 2009, Mr Zomer was the Founder and CEO of Green City Urban Recycling Ltd. Between 2012 and 2013 Mr Zomer was a consultant and representative of the biofuels industry to the government of Israel and during 2013 was appointed as an executive director of a biofuel company in South Africa and Namibia, a role he still maintains.

Mr Zomer shares Mr Segev's vision of building a large scale European extraction facility and has the necessary skills to establish and run a successful growing operation and extraction facility. He has extensive commercial business contacts in the European industry.

Mr Zomer holds a degree in sound engineering.

8. Resolution 6 – Change of Company Name

As part of the Acquisition, the Directors have determined to change the Company name to MGC Pharmaceuticals Ltd. Resolution 6 seeks Shareholder approval for the change of name in accordance with section 157 of the Corporations Act.

Resolution 6 is a special resolution. Resolution 6 is subject to the passing of each of the other Acquisition Resolutions.

The change of name of the Company will take effect from when ASIC alters the details of the Company's registration.

9. Resolution 7 – Ratification of issue of May 2015 Placement Options

9.1 General

Resolution 7 seeks Shareholder approval pursuant to Listing Rule 7.4 for ratification of the prior issue of 25,000,000 May 2015 Placement Options which were issued on 20 May 2015 to sophisticated and professional investors who are not related parties of the Company as part of the May 2015 Placement. Under the May 2015 Placement, the Company raised \$500,000 through the issue of 50,000,000 Shares at \$0.01 per Share. As part of placement terms, the Company issued each subscriber with one Placement Option for every two Shares subscribed for.

The May 2015 Placement Options were issued within the Company's 15% annual limit permitted under Listing Rule 7.1, without the need for Shareholder approval. Listing Rule 7.4 provides an exception to Listing Rule 7.1 that where a company in general meeting ratifies a previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) the issue of those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rule 7.1.

The effect of Shareholders passing Resolution 7 ratifying the issue of the May 2015 Placement Options will be to restore the Company's ability to issue securities within the 15% placement capacity under Listing Rule 7.1 during the next 12 months.

9.2 Specific Information Required by Listing Rule 7.5

For the purposes of Listing Rule 7.5 information regarding the issue of the May 2015 Placement Options is provided as follows:

- (a) 25,000,000 May 2015 Placement Options were issued by the Company.
- (b) The May 2015 Placement Options were issued for nil cash consideration, as free attaching options to Shares subscribed for under the May 2015 Placement.
- (c) The May 2015 Placement Options are Options each exercisable at \$0.025 on or before 30 June 2017 or otherwise on the terms and conditions set out in Schedule 4.
- (d) The Shares were issued to sophisticated and professional investors who are not related parties of the Company.
- (e) No funds were raised directly from the issue of the May 2015 Placement Options as they were issued for nil cash consideration, being free attaching options to Shares subscribed for under the May 2015 Placement. The funds raised under the May 2015 Placement were used for ongoing operations, administrative costs, working capital of the MGC business and transaction consideration costs.
- (f) A voting exclusion statement is included in the Notice.

10. Resolution 8 – Authority to issue June 2015 Underwriting Options

10.1 General

On 30 June 2015, the Company announced to ASX that it had entered into underwriting arrangements with Merchant Corporate Finance Pty Ltd (**Merchant**) to underwrite the exercise of the Company's Options that expired on 30 June 2015.

Resolution 8 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of up to 10,000,000 June 2015 Underwriting Class A Options and 10,000,000 June 2015 Underwriting Class B Options (**June 2015 Underwriting Options**), in aggregate to the Sub-Underwriters, who entered into sub-underwriting arrangements in connection with the Merchant underwriting.

A summary of Listing Rule 7.1 is provided in section 5.1.

10.2 Specific information required by Listing Rule 7.3

The following information is provided for the purposes of Listing Rule 7.3:

- (a) The maximum number of securities the Company may issue is 10,000,000 June 2015 Underwriting Class A Options and 10,000,000 June 2015 Underwriting Class B Options.
- (b) The Company will issue the June 2015 Underwriting Options no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (c) The June 2015 Underwriting Options will be issued for nil cash consideration as they will be issued in consideration of the sub-underwriting arrangements entered into by the Sub-Underwriters and the Company.
- (d) The June 2015 Underwriting Options will be issued to the Sub-Underwriters.
- (e) The June 2015 Underwriting Class A Options will each be exercisable at \$0.025 on or before 30 June 2017, and will otherwise have the terms and conditions set out in Schedule 5. The June 2015 Underwriting Class B Options will each be exercisable at \$0.04 on or before 30 June 2017, and will be subject to the vesting conditions and otherwise have the terms and conditions set out in Schedule 6.
- (f) No funds will be raised from the issue of the June 2015 Underwriting Options as they will be issued in consideration of the sub-underwriting arrangements entered into by the Sub-Underwriters and the Company.
- (g) It is expected that the June 2015 Underwriting Options will be issued on one date.
- (h) A voting exclusion statement is included in the Notice.

11. Resolution 9 – Authority to issue Placement Shares

11.1 General

The Company intends to undertake a placement of up to 500,000 Shares each at an issue price of \$0.02 to sophisticated or professional investors to raise up to \$1,000 (before costs). The funds raised from the placement will be used by the Company for general working capital purposes.

Resolution 9 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of the Placement Shares

A summary of Listing Rule 7.1 is provided in section 5.1.

11.2 Specific information required by Listing Rule 7.3

The following information is provided for the purposes of Listing Rule 7.3:

- (a) The maximum number of securities the Company may issue under Resolution 9 is 500,000 Shares.
- (b) The Company will issue the Placement Shares no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (c) The Placement Shares will each be issued at an issue price of \$0.02 per Share.
- (d) The Placement Shares will be issued to sophisticated or professional investors none of whom is a related party of the Company.
- (e) The Placement Shares will comprise fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company.
- (f) The funds raised from the issue of the Placement Shares will be used by the Company to provide general working capital.
- (g) It is expected that the Placement Shares will be issued on one date.
- (h) A voting exclusion statement is included in the Notice.

12. Resolution 10 – Authority to issue Shares to Media and Capital Partners

12.1 General

Resolution 10 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of up to 3,346,700 Shares to Media and Capital Partners (and/or its nominees). The Company has an existing obligation to pay \$33,467 to Media and Capital Partners for professional services. The Company proposes to issue the M & C Shares to Media and Capital Partners (and/or its nominees) in lieu of the \$33,467.

A summary of Listing Rule 7.1 is provided in section 5.1.

12.2 Specific information required by Listing Rule 7.3

The following information is provided for the purposes of Listing Rule 7.3:

- (a) The maximum number of Shares that the Company will issue to Media and Capital Partners (and/or its nominees) is 3,346,700 Shares.
- (b) The M & C Shares will be issued no later than three months after the date of the Meeting (or such later date to the extent permitted by an ASX waiver or modification of the Listing Rules).
- (c) The M & C Shares will be issued for nil cash consideration in lieu of the cash payment of \$33,467 that the Company has an existing obligation to pay Media and Capital Partners for providing professional services to the Company. Accordingly no funds will be raised from the issue of the M & C Shares.
- (d) The M & C Shares will be issued to Media and Capital Partners and/or its nominees, none of who are a related party of the Company.
- (e) The M & C Shares will comprise fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company.
- (f) It is intended that the M & C Shares will be issued on the same date.
- (g) A voting exclusion statement is included in the Notice.

13. Definitions

In this Notice, Explanatory Memorandum and Proxy Form:

\$ means Australian Dollars.

Acquisition has the meaning in Section 3.1.

Acquisition Agreement means the share sale and purchase agreement 2015 between the Company and the Vendors pursuant to which the Vendors agreed to sell, and the Company agreed to purchase, 100% of the issued capital of MGC.

Acquisition Resolutions means Resolutions 1 to 6.

ASIC means Australian Securities and Investments Commission.

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

Board means the board of Directors.

Company or **Erin** means Erin Resources Limited ACN 116 800 269.

Completion means completion of the Acquisition.

Consideration Shares has the meaning in Resolution 2.

Constitution means the current constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.

Explanatory Memorandum means the explanatory memorandum attached to the Notice.

Joint Venture Agreement has the meaning given in Section 3.4(b).

June 2015 Underwriting Class A Option means an Option issued on the terms and conditions set out in Schedule 5.

June 2015 Underwriting Class B Option means an Option issued on the terms and conditions set out in Schedule 6.

June 2015 Underwriting Option means a June 2015 Underwriting Class A Option or a June 2015 Underwriting Class B Option, or both of them, as the context requires.

Listing Rules means the listing rules of ASX.

M & C Shares has the meaning given in Resolution 10.

May 2015 Placement Options means an Option issued on the terms and conditions set out in Schedule 4.

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

MGC means MGC Pharma (UK) Ltd a company incorporated in the United Kingdom.

MGC Group or **MGC Group Companies** means MGC companies.

Milestone has the meaning given in clause 1(a) of Schedule 3.

Natura means Natura Laboratories d.o.o an entity incorporated in Slovenia, Company Number 6742394000.

Notice means this notice of meeting.

Off-Take Agreement has the meaning given in Section 3.4(a).

Option means an option to acquire a Share.

Option Agreement means the option agreement dated on or about 18 May 2015 between the Company and the Vendors pursuant to which the Vendors granted the Company the exclusive option to acquire 100% of the issued capital of MGC.

Performance Share means means a share issued on the terms and conditions set out in Schedule 3.

Placement Shares has the meaning given in Resolution 9.

Proposed Director means the persons proposed to become Directors as set out in Section 7.

Proxy Form means the proxy form attached to the Notice.

Resolution means a resolution contained in this Notice.

Schedule means a schedule to this Notice.

Section means a section contained in this Explanatory Memorandum.

Securities means Shares, Performance Shares and/or Options.

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

Shareholder means a shareholder of the Company.

Silana means Silana d.o.o an entity incorporated in Slovenia, Company Number 6220614.

Sub-Underwriters means certain sophisticated and professional adviser clients of Merchant Corporate Finance Pty Ltd, who entered into sub-underwriting arrangements with the Company in respect of the exercise of the Company's Options which expired on 30 June 2015.

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

Vendors means the shareholders of MGC, being the parties listed in Section 5.2(b).

VWAP means volume weighted average price.

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

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

Schedule 1 – Risk Factors of the Acquisition

1. Introduction

There are a number of risks associated with the Acquisition that may have an impact on the financial returns received by Shareholders. These risks are important for Shareholders to understand.

Shareholders are already exposed to a number of risks through their existing shareholding in the Company. A number of these risks are inherent in investing in securities generally.

The risk factors include, but are not limited to, those detailed below. Additional risks not presently known to the Company, or if known, not considered material, may also have an adverse impact.

The Directors believe that the advantages of the Acquisition outweigh the associated extent of the risks.

2. Risks

(a) Conditional Acquisition

As part of the Company's change in nature and scale of activities, ASX will require the Company to re-comply with Chapters 1 and 2 of the Listing Rules. A Prospectus will be issued to assist the Company to re-comply with these requirements. The Shares will be suspended from the date of the Meeting. It is anticipated that the Shares will remain suspended until completion of the Acquisition, re-compliance by the Company with Chapters 1 and 2 of the Listing Rules and compliance with any further conditions ASX imposes on such reinstatement. There is a risk that the Company will not be able to satisfy one or more of those requirements and that its Shares will consequently remain suspended from quotation.

Risks to MGC's business – growing facilities

The Company intends to operate growing facilities in Europe, focused in the short to medium term in Slovenia, after which the Company's business will involve the growing of medicinal cannabis and will be exposed to the following risks:

(b) Securing property for growing

While the Company has conducted advanced investigations into potential suitable sites for growing medicinal cannabis, it has not yet entered into any arrangements to acquire or lease land for its growing purposes. Although the Company does not require vast acreage for the planting of its cannabis plants (up to 20 acres in the initial business plan), there can be no guarantee that the Company will be able to acquire the necessary land on suitable terms although there is significant supply of suitable agricultural land available in Slovenia.

(c) Agricultural risks

The Company's business will involve the growing of medicinal cannabis, which is an agricultural product. As such the business will be subject to the risks inherent in the agricultural industry, such as insects, plant diseases, storm, fire, frost, flood, drought, water availability, water salinity, pests, bird damage and force majeure events. Although the Company plans to have both indoor and outdoor growing operations under climate controlled conditions and employ trained personnel to carefully monitor the growing conditions there can be no assurance that natural elements will not have a material adverse effect on the production of the growing operations.

(d) Key inputs for growing medicinal cannabis

The key inputs include raw material and supplies related to growing operation as well as electricity, water and other local utilities. Any significant interruptions or negative changes in the availability of economics of the supply chain for the inputs could materially impact the business, financial condition and operating results of the Company.

Due to the nature of the product some of these inputs may only be available from single suppliers or a limited group of suppliers. Any restrictions on the ability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial conditions and operating results of the Company.

(e) **Production yields**

Any Medical Cannabis company is inherently dependent on its ability to maintain a supply of specific plant genetics for the product it plans to produce. MGC has a similar inherent need to maintain supply of high CBD yield product from its growing and extraction operations.

The deciding factor ultimately is the mass of material produced per area cultivated and the percentage content of CBD in the final extract (in the case of MGC, consistently yielding +10% CBD from the cannabis Savita plants).

(f) **Product liability claims**

As a manufacturer and distributor of products designed to be applied or potentially ingested by humans the Company will face an inherent risk of exposure to product liability claims, regulatory action and litigation. These risks will arise if the Company's medicinal cannabis is alleged to have caused significant loss or injury. In addition, the manufacture of medicinal cannabis involves the risk of injury to consumers due to tampering by unauthorised third parties or product contamination. Previously unknown adverse reaction resulting from human consumption of medicinal cannabis alone or in combination with other medication or substances could occur. The Company may be subject to various product liability claims, including among others that the Company's products caused injury or illness, inadequate instructions for use or warnings concerning possible side effects. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally and could have a material adverse effect on the Company's results of operations and financial conditions.

(g) **Obtaining and maintaining licenses**

The Company's ability to research, develop and commercialise its products is dependent on the Company's ability to maintain licenses relating to the cultivation, possession and supply of controlled substances in its area of operations.

The Company research facilities will initially be located Europe. Initial licenses to cultivate, possess and supply cannabis for medical research need to be obtained and are granted by the relevant local authorities. Although the Local Authorities may have previously granted growing licenses historically, they may not do so in the future. If this is the case, the Company may not be in a position to carry out its research and development program in Europe. In order to carry out research in countries other than Europe, similar licenses to those outlined above are required to be issued by the relevant authority in each country.

Additionally, any proposed growing operations that are developed in Slovenia will be subject to the licenses required and other applicable legislation and regulations enforced in Slovenia. Accordingly, the amount of medicinal cannabis and CBD the Company is able to produce in Slovenia could potentially be capped and ultimately this will restrict the amount of cannabinoids that can be sold.

(h) **Controlled substance legislation**

Controlled substance legislation differs between countries and legislation in certain countries may restrict or limit MGC's ability to sell its proposed products.

Most countries are parties to the Single Convention on Narcotic Drugs 1961, which governs international trade and domestic control of narcotic substances, including cannabis extracts. Countries may interpret and implement their treaty obligations in a way that creates a legal obstacle to obtaining marketing approval for MGC's proposed products in those countries.

These countries may not be willing or able to amend or otherwise modify their laws and regulations to permit MGC's proposed products to be marketed, or achieving such amendments to the laws and regulations may take a prolonged period of time.

(i) **Changes in laws and regulations**

The Company's operations are subject to a variety of laws, regulations and guidelines. The medicinal cannabis industry is evolving worldwide and in Australia and has been identified as possibly posing risks in relation to law enforcement and government regulation. It is likely that governments worldwide, including Australia, will continue to explore the benefits, risks, regulations and operations of Company's involved in medical cannabis. While to the knowledge of management, the Company is currently in compliance with all current laws, changes to laws and regulations due to matters beyond the control of the Company may cause adverse effects to its operations. The introduction of new legislation or amendments to existing legislation by governments, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern the Company's operations or contractual obligations, could impact adversely on the assets, operations and, ultimately, the financial position and financial performance of the Company and its Shares. In addition there is a risk that legal action may be taken against the Company in relation to commercial, legal, regulatory or other matters.

Risks to MGC's business – products

(j) **CBD Resin**

If MGC is unable to achieve a CBD resin or product of a sufficiently high purity to enable it to be marketable to the MGC's joint venture partners or other third parties in an efficient and cost-effective manner, it may be unable to produce CBD resin to provide to MGC's joint venture partners or other third parties in a profitable manner. In this eventuality, subcontractors and vendors may be sourced in order to provide some of the materials committed to by MGC. These occurrences may have a detrimental effect on MGC's financial performance.

(k) **Controlled substances**

Some of MGC's proposed products may contain controlled substances and their regulatory approval may generate public controversy. Political and social pressures and adverse publicity could lead to delays in approval of, and increased expenses for, MGC's products. These pressures could also limit or restrict the introduction and marketing of MGC's products. Adverse publicity from cannabis misuse or adverse side effects from cannabis or other cannabinoid products may adversely affect the commercial success or market penetration achievable by MGC's products. The nature of MGC's business attracts a high level of public and media interest, and in the event of any resultant adverse publicity, MGC's reputation may be harmed.

(l) **Development of products and counterparty risks**

The MGC Group is party to the Off-Take Agreement and Joint Venture Agreement with Natura. The MGC Group will be heavily reliant on Natura's expertise for the development of cosmetic and therapeutic products only, and also for the purchase of some of the CBD resin that the MGC produce as detailed in the Off Take Agreement. The MGC Group may also become party to other material agreements with third parties. The financial performance of the MGC Group will be exposed to and may be adversely affected by any failure by counterparties to these agreements to comply with the terms of those contracts. This risk is beyond the MGC Group's control.

In addition, there is a risk of financial failure or default by a participant in any joint venture or collaboration arrangements to which the MGC Group is or may become a party. There is also a risk of the insolvency or managerial failure by any of the contractors or other suppliers used by MGC in any of its activities, or that any of those agreements are terminated in accordance with their terms. Any of the above outcomes, could result in an adverse effect on MGC's operations, financial position and performance.

(m) **Competition for products**

The medicinal and cosmetic products industry are highly competitive and subject to rapid change. The industry continues to expand and evolve as an increasing number of competitors and potential competitors enter the market. Many of these competitors and potential competitors have substantially greater financial, technological, managerial and research and development resources and experience than MGC. Some of these competitors and potential competitors have more experience than MGC has in the development of medical and cosmetic products, including validation procedures and regulatory matters. In addition, MGC's proposed products will, if successfully developed, compete with, product offerings from large and well-established companies that have greater marketing and sales experience and capabilities than MGC or its joint venture and collaboration partners have. If MGC is unable to compete successfully, MGC may be unable to generate, grow and sustain its revenue.

(n) **Market price of products**

If the Company achieves success leading to production of CBD resin or other cannabis based products, the revenue it will derive through the sale of CBD resin or other cannabis based products exposes the potential income of the Company to market price for those things. There is currently no transparent or liquid quoted market price for CBD resin or other cannabis based products, prices are set under off take contracts. The prices for CBD resin or other cannabis based products may fluctuate and may be affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for CBD resin or other cannabis based products, technological advancements and other macro-economic factors.

(o) **Research and development activities**

Research and development activities for products are expensive, time consuming and difficult to design and implement. Even if the results of MGC's research and development activities are favourable, some product development activities may be expected to continue for several years and may take significantly longer to complete. In addition, regulatory authorities, including state and local, may suspend, delay or terminate research and development activities at any time, or suspend or terminate the registrations and quota allotments required in order to procure and handle controlled substances, for various reasons. Any of the foregoing could have a material adverse effect on MGC's business, results of operations and financial condition.

(p) **Dangerous products**

If any of MGC's proposed products, prior to or after any approval for commercial sale, cause serious or unexpected side effects, or are associated with other safety risks such as misuse, abuse or diversion, a number of potentially significant negative consequences could result, including:

- (i) regulatory authorities may interrupt, delay or halt product development;
- (ii) regulatory authorities may deny regulatory approval of MGC's products;
- (iii) regulatory authorities may require certain labelling statements, such as warnings or contraindications or limitations on the indications for use, and/or impose restrictions on distribution;
- (iv) regulatory authorities may withdraw their approval, require more onerous labelling statements any product that is approved;
- (v) MGC may be required to make material changes to products;
- (vi) MGC's relationships with joint venture and collaboration partners may suffer;
- (vii) MGC could be sued and held liable for harm caused to product users; or
- (viii) MGC's reputation may suffer generally.

MGC may have to voluntarily suspend or terminate research and development activities if at any time they present an unacceptable risks to consumers or if preliminary data demonstrates that products are unlikely to receive regulatory approval or unlikely to be successfully commercialised.

(q) **Industry growth and competition**

The medicinal cannabis industry is undergoing rapid growth and substantial change, which has resulted in increasing consolidation and formation of strategic relationships. The Company expects this consolidation and strategic collaborating to continue. Acquisitions or other consolidating transactions could harm MGC in a number of ways, including:

- (i) MGC could lose strategic relationships if third parties with whom it has arrangements with (including Natura) are acquired by or enter into relationships with a competitor (which could cause MGC to lose access to distribution, content, technology and other resources);
- (ii) the relationship between MGC and such third parties may deteriorate and cause an adverse effect on MGC's business; and
- (iii) MGC's current competitors could become stronger, or new competitors could form, from consolidations.

Any of these events could put MGC at a competitive disadvantage, which could cause MGC to lose research and development facilities or access to technology. Consolidation could also force MGC to expend greater resources to meet new or additional competitive threats, which could also harm MGC's results.

Other general risks to MGC's business

(r) **Sufficiency of funding**

The MGC Group's business strategy will require substantial expenditure and there can be no guarantees that the Company's existing cash reserves and funds generated over time by the MGC business will be sufficient to successfully achieve all the objectives of the Company's business strategy. Further funding of projects may be required by the Company to support the ongoing activities and operations of the MGC Group, including the need to conduct further research and development, enhance its operating infrastructure and to acquire complementary businesses and technologies.

Accordingly, the Company may need to engage in equity or debt financing to secure additional funds. If the Company is unable to use debt or equity to fund expansion after utilising existing working capital, there can be no assurance that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all.

Any additional equity financing may be dilutive to the Company's existing Shareholders and any debt financing, if available, may involve restrictive covenants, which limit the Company's operations and business strategy. If the Company is unable to raise capital if and when needed, this could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

(s) **Protection of Intellectual Property Rights**

The MGC Group does not currently have any patent protection of its intellectual property and it is not yet known whether it will be in fact possible to obtain any patent protection of the MGC Group intellectual property. Accordingly, the MGC Group relies on its intellectual property being kept confidential within the organisation, although it has plans to register its relevant intellectual property at the appropriate time, and jurisdiction, in the future. If the MGC Group fails to protect its intellectual property secrets, competitors may gain access to its know-how and technology, which could harm the business.

The Company may be required to spend significant resources to monitor and protect the intellectual property acquired through the proposed Acquisition of MGC. It may initiate or otherwise be involved in litigation against third parties for infringement, or to establish the validity, of its rights. Any litigation, whether or not it is successful, could result in significant expense to the Company and divert the efforts of its personnel.

(t) **Limited trading history**

MGC has only been recently incorporated and whilst its management have significant experience in the industry, MGC has a limited trading history. Given this limited trading history, there is inherent uncertainty in relation to MGC's business, and investors should consider MGC's prospects in light of its limited trading history. There can be no guarantee that MGC's research and development initiatives will be successful, or even if they are successful, to be able to generate revenue. Consequently, there can be no forecast or confirmation as to the Company's future performance following completion of the Acquisition.

(u) **Reliance on key personnel**

The recent developments of MGC have been in large part due to the talent, effort and experience of its senior management team, in particular the leadership of Nativ Segev and Roby Zomer. Although these individuals have entered into Executive Services Agreements, there is no assurance that such contracts will not be terminated. If such contracts are terminated or breached, or if these individuals no longer continue in their current roles, new personnel will need to be employed which may adversely affect the business.

The MGC Group is also substantially dependent on the continued service of its existing development personnel because of the complexity of its services and technologies. There is no assurance that the MGC Group will be able to retain the services of these persons.

(v) **Research and development**

The Company can make no representation that any of its research into or development of its delivery system technologies will be successful, that the development milestones will be achieved, or that the delivery system technologies will be developed into products that are commercially exploitable.

There are many risks inherent in the development of new products, particularly where the products are in the early stages of development. Projects can be delayed or fail to demonstrate any benefit, or research may cease to be viable for a range of scientific and commercial reasons.

(w) **Dependence on outside parties**

The Company may pursue a strategy that forms strategic business relationships with the other organisations for the manufacture and distribution of products and services. MGC is currently already party to the Joint Venture Agreement with Natura.

The manufacture and global distribution of products and services is important to the overall success of the Company. There can be no assurance that the Company will be able to attract such prospective organisations and to negotiate appropriate terms and conditions with these organisations.

(x) **Foreign exchange risks**

The Company (inclusive of the MGC Group) will be operating in numerous jurisdictions, including Slovenia. Consequently, it may generate revenue and incurs costs and expenses in more than one currency. Accordingly, the depreciation and/or the appreciation of the Euro, for example, relative to the Australian Dollar would result in a foreign currency loss/gain. Any depreciation of the foreign currencies relative to the Australian Dollar may result in lower than anticipated revenue, profit and earnings. MGC Group will be affected on an ongoing basis by foreign exchange risks and will have to monitor this risk on an ongoing basis.

(y) **Insurance coverage**

The Company faces various risks in connection with the MGC Group and may lack adequate insurance coverage or may not have the relevant insurance coverage. The Company maintains insurance coverage for its employees, as well as professional indemnity, product liability and third party liability insurance, however it does not maintain business interruption insurance or insurance against claims for certain property damage. The Company will need to review its insurance requirements periodically. If MGC Group incurs substantial losses or liabilities and its insurance coverage is unavailable or inadequate to cover such losses or liabilities, the Company's financial position and financial performance may be adversely affected.

(z) **Market conditions** - Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and technology related stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(aa) **Economic and government risks** - The future viability of the Company is also dependent on a number of other factors affecting performance of all industries and not just the technology industry including, but not limited to, the following:

- (i) general economic conditions in jurisdictions in which the Company operates;
- (ii) changes in government policies, taxation and other laws in jurisdictions in which the Company operates;
- (iii) the strength of the equity and share markets in Australia and throughout the world, and in particular investor sentiment towards the bio-medical sector;
- (iv) movement in, or outlook on, interest rates and inflation rates in jurisdictions in which the Company operates; and
- (v) natural disasters, social upheaval or war in jurisdictions in which the Company operates.

Schedule 2 – Pro-forma Balance Sheet

CONSOLIDATED HISTORICAL & PRO-FORMA STATEMENT OF FINANCIAL POSITION

	Historical Erin Resources Limited as at 30 June 2015 \$	Pro forma Consolidated as at 30 June 2015 \$
ASSETS		
Current Assets		
Cash and cash equivalents	436,985	2,856,927
Trade and other receivables	83,618	83,618
Total current assets	520,603	2,940,545
Non-Current Assets		
Exploration and evaluation expenditure	2,000,000	2,000,000
Intangible assets	-	3,953,994
Total non-current assets	2,000,000	5,953,994
Total Assets	2,520,603	8,894,539
LIABILITIES		
Current Liabilities		
Trade and other payables	398,791	382,769
Total current liabilities	398,791	382,769
Non-Current Liabilities		
Borrowings	195,000	195,000
Total non-current liabilities	195,000	195,000
Total Liabilities	593,791	577,769
Net Assets	1,926,812	8,316,770
EQUITY		
Capital & Reserves		
Issued capital	16,501,203	22,865,931
Reserves	908,006	963,456
Accumulated losses	(15,482,497)	(15,512,617)
Total Equity	1,926,812	8,316,770

This statement should be read with the accompanying notes.

Summary of Pro Forma Adjustments

The pro-forma financial information has been included to reflect the position of Erin Resources Limited on the assumption that the following transactions had occurred as at 30 June 2015:

- The actual capital raised subsequent to year end totalling \$2,546,491 net of costs.
- The issue of 200,000,000 fully paid ordinary shares at a deemed price of \$0.019 each (1 September 2015 closing price on the ASX). This price is an estimation as the actual price will be determined on completion of the transaction.
- The issue of 100,000,000 performance shares at \$0.019 (1 September 2015 closing price on the ASX) each subject to certain vesting conditions. This price is an estimation as the actual price will be determined on completion of the transaction.
- The acquisition of MGC Pharma (UK) Limited and its controlled entities.
- The issue of 500,000 ordinary shares in the Company to raise \$10,000.
- Costs associated with the prospectus and transaction totalling \$136,549.
- The issue of 20,000,000 options (10,000,000 Class A options and 10,000,000 Class B options).
- The issue of 3,346,700 ordinary shares to Media and Capital Partners to settle a liability totalling \$33,467.

Schedule 3 – Terms and Conditions of Performance Shares

For the purpose of these terms and conditions:

ASX means ASX Limited ACN 008 624 691 or, as the context permits, the securities exchange operated by that entity.

Change of Control Event means:

- (a) the occurrence of:
 - (i) the offeror under a takeover offer in respect of all Shares announcing that it has achieved acceptances in respect of 50.1% or more of the Shares; and
 - (ii) that takeover bid has become unconditional; or
- (b) the announcement by the Company that:
 - (i) shareholders of the Company have at a Court convened meeting of shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Shares are to be either:
 - (A) cancelled; or
 - (B) transferred to a third party; and
 - (ii) the Court, by order, approves the proposed scheme of arrangement.

Company means Erin Resources Limited ACN 116 800 269.

Completion means completion of the acquisition of 100% of the issued capital of MGC by the Company.

Holder means a holder of a Performance Share.

Listing Rules means the Listing Rules of the ASX.

MGC means MGC Pharma (UK) Ltd an entity incorporated in the United Kingdom.

Share means a fully paid ordinary share in the Company.

1. Conversion and expiry of Performance Shares

- (a) **(Conversion on achievement of Milestone)** Upon MGC or one of its subsidiaries securing an off-take agreement to sell CBD oil that contains a minimum purity of 50% CBD and/or other MGC products, and achieving revenue of €1,000,000 from the supply of CBD oil and/or other MGC products under that off-take agreement (**Milestone**), each Performance Share will convert into a Share on a one for one basis.
- (b) **(Expiry Date)** The Milestone must be achieved on or before 5.00pm (WST) on the date which is three years from Completion (**Expiry Date**).
- (c) **(No conversion)** To the extent that Performance Shares have not converted into Shares on or before the Expiry Date, then all such unconverted Performance Shares held by each Holder will automatically consolidate into one Performance Share and will then convert into one Share.
- (d) **(Conversion procedure)** The Company will issue a Holder with a new holding statement for the Share or Shares as soon as practicable following the conversion of each Performance Share.
- (e) **(Ranking of shares)** Each Share into which the Performance Shares will convert will upon issue:
 - (i) rank equally in all respects (including, without limitation, rights relating to dividends) with other issued Shares;
 - (ii) be issued credited as fully paid;
 - (iii) be duly authorised and issued by all necessary corporate action; and
 - (iv) be issued free from all liens, charges and encumbrances whether known about or not including statutory and other pre-emptive rights and any transfer restrictions.

2. Conversion on change of control

- (a) If there is a Change of Control Event in relation to the Company prior to the conversion of the Performance Shares, then:

- (i) the Milestone will be deemed to have been achieved; and
- (ii) each Performance Share will automatically and immediately convert into Shares, however, if the number of Shares to be issued as a result of the conversion of all Performance Shares due to a Change in Control Event in relation to the Company is in excess of 10% of the total fully diluted share capital of the Company at the time of the conversion, then the number of Performance Shares to be converted will be prorated so that the aggregate number of Shares issued upon conversion of all Performance Shares is equal to 10% of the entire fully diluted share capital of the Company.

3. Rights attaching to Performance Shares

- (a) **(Share capital)** Each Performance Share is a share in the capital of the Company.
- (b) **(General meetings)** Each Performance Share confers on a Holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. A Holder has the right to attend general meetings of shareholders of the Company.
- (c) **(No Voting rights)** A Performance Share does not entitle a Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company.
- (d) **(No dividend rights)** A Performance Share does not entitle a Holder to any dividends.
- (e) **(Rights on winding up)** Each Performance Share entitles a Holder to participate in the surplus profits or assets of the Company upon winding up of the Company, but only to the extent of \$0.0001 per Performance Share.
- (f) **(Not transferable)** A Performance Share is not transferable.
- (g) **(Reorganisation of capital)** If there is a reorganisation (including, without limitation, consolidation, sub-division, reduction or return) of the issued capital of the Company, the rights of a Holder will be varied (as appropriate) in accordance with the Listing Rules which apply to reorganisation of capital at the time of the reorganisation.
- (h) **(Quotation of shares on conversion)** An application will be made by the Company to ASX Limited for official quotation of the Shares issued upon the conversion of each Performance Share within the time period required by the Listing Rules.
- (i) **(Participation in entitlements and bonus issues)** A Performance Share does not entitle a Holder to participate in new issues of capital offered to holders of Shares, such as bonus issues and entitlement issues.
- (j) **(No other rights)** A Performance Share does not give a Holder any other rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

Schedule 4 – Terms and Conditions of May 2015 Placement Options

- (a) Each May 2015 Placement Option (**Option**) gives the holder the right to subscribe for one Share upon the exercise of each Option.
- (b) The Options have no vesting period.
- (c) The Options are exercisable on or prior to 30 June 2017 (the "**Expiry Date**") by notice in writing to the Directors of the Company accompanied by payment of the exercise price.
- (d) An Option not exercised on or before the Expiry Date will automatically lapse.
- (e) Subject to paragraph (m), the amount payable upon exercise of each Option will be \$0.025 (**Exercise Price**).
- (f) The Options held may be exercised in whole or in part, and if exercised in part, multiples of 10,000 must be exercised on each occasion.
- (g) The Optionholder may exercise the Options by lodging with the Company, on or before the Expiry Date:
 - i. a written notice of exercise of Options specifying the number of Options being exercised (**Exercise Notice**); and
 - ii. a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised.
- (h) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (i) 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.
- (j) The Options shall be freely transferable and subject to compliance with the Corporations Act.
- (k) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (l) The Company will not apply for quotation of the Options 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.
- (m) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (n) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (o) 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.

Schedule 5 – Terms and Conditions of June 2015 Underwriting Class A Options

- (a) Each June 2015 Underwriting Class A Option (**Option**) gives the holder the right to subscribe for one Share upon the exercise of each Option.
- (b) The Options have no vesting period.
- (c) The Options are exercisable on or prior to 30 June 2017 (the "**Expiry Date**") by notice in writing to the Directors of the Company accompanied by payment of the exercise price.
- (d) An Option not exercised on or before the Expiry Date will automatically lapse.
- (e) Subject to paragraph (m), the amount payable upon exercise of each Option will be \$0.025 (**Exercise Price**).
- (f) The Options held may be exercised in whole or in part, and if exercised in part, multiples of 10,000 must be exercised on each occasion.
- (g) The Optionholder may exercise the Options by lodging with the Company, on or before the Expiry Date:
 - i. a written notice of exercise of Options specifying the number of Options being exercised (**Exercise Notice**); and
 - ii. a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised.
- (h) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (i) 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.
- (j) The Options shall be freely transferable and subject to compliance with the Corporations Act.
- (k) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (l) The Company will not apply for quotation of the Options 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.
- (m) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (n) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (o) 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.

Schedule 6 – Terms and Conditions of June 2015 Underwriting Class B Options

- (a) Each June 2015 Underwriting Class B Option (**Option**) gives the holder the right to subscribe for one Share upon the exercise of each Option.
- (b) The Options only become exercisable after the vesting date set out in this paragraph. The vesting date of each class of Option is the date on which the Shares have traded at \$0.03 (**Hurdle Price**) or above for a minimum of 30 consecutive Trading Days (**Vesting Date**). If during the currency of the Options there is any reconstruction of the issued share capital of the Company (eg consolidation or subdivision), the Hurdle Price will be adjusted accordingly so that no benefit or detriment results to the Holder as a result of the reconstruction.
- (c) The Options are exercisable after the Vesting Date on or prior to 30 June 2017 (the "**Expiry Date**") by notice in writing to the Directors of the Company accompanied by payment of the exercise price.
- (d) An Option not exercised on or before the Expiry Date will automatically lapse.
- (e) Subject to paragraph (m), the amount payable upon exercise of each Option will be \$0.04 (**Exercise Price**).
- (f) The Options held may be exercised in whole or in part, and if exercised in part, multiples of 10,000 must be exercised on each occasion.
- (g) The Optionholder may exercise the Options by lodging with the Company, on or before the Expiry Date:
 - i. a written notice of exercise of Options specifying the number of Options being exercised (**Exercise Notice**); and
 - ii. a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised.
- (h) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (i) 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.
- (j) The Options shall be freely transferable and subject to compliance with the Corporations Act.
- (k) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (l) The Company will not apply for quotation of the Options 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.
- (m) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (n) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (o) 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.

ERIN RESOURCES LIMITED

ACN 116 800 269

PROXY FORM

The Company Secretary
Erin Resources Limited

By post:

PO Box 7209
Cloisters Square, Perth WA 6850

By facsimile:

+61 (0) 8 9389 2099

By Email:

info@erinresources.com.au

Step 1 – Appoint a Proxy to Vote on Your Behalf

I/We (Shareholder)¹ _____

Of (Address) _____

being a Shareholder/Shareholders of the Company and entitled to _____

votes in the Company, hereby appoint:

The Chairman of the Meeting (mark box)

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally on my/our behalf at the Meeting of the Company to be held at Level 7, 1008 Hay Street, Perth, Western Australia on Monday 16 November 2015 at 11.00am (WST) and at any adjournment or postponement of the Meeting and 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.

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.

Please read the voting instructions overleaf before marking any boxes with an .

Step 2 – Instructions as to Voting on Resolutions

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	Change to scale and nature of activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval of Acquisition of MGC Pharma (UK) Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of Performance Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Appointment of Mr Nativ Segev as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Appointment of Mr Ruby Zomer as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Change of Company Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Ratification of issue of May 2015 Placement Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Authority to issue June 2015 Underwriting Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Authority to issue Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Authority to issue Shares to Media and Capital Partners	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

* If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Authorised signature/s

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

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

Individual or Shareholder 1	Shareholder 2	Shareholder 3
<div style="border: 1px solid black; width: 200px; height: 20px;"></div>	<div style="border: 1px solid black; width: 200px; height: 20px;"></div>	<div style="border: 1px solid black; width: 200px; height: 20px;"></div>
Sole Director and Sole Company Secretary	Director	Director/Company Secretary
_____	_____	_____
Contact Name	Contact Daytime Telephone	Date

¹ Insert name and address of Shareholder

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 should 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 by facsimile transmission or electronic mail at the address stipulated on this Proxy Form no later than 48 hours prior to the time of commencement of the Meeting (WST).