
NIAGARA MINING LIMITED
60 060 525 206

NOTICE OF ANNUAL GENERAL MEETING

TIME: 12.00pm

DATE: 30 November 2005

PLACE: Heritage Board Room, The Melbourne Hotel

Cnr. Milligan Street & Hay Street, Perth WA 6000

This Notice of Annual 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 professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Annual General Meeting please do not hesitate to contact the Company Secretary on (08) 9367 8133.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders of Niagara Mining Limited which this Notice of Annual General Meeting relates to will be held at 12.00pm , 30 November 2005 at:

Heritage Board Room, The Melbourne Hotel, Cnr. Milligan Street & Hay Street, Perth WA 6000.

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the proxy form enclosed with this Notice of Annual General Meeting as soon as possible and either:

- (a) send or deliver the proxy form to Niagara Mining Limited at Unit 8, 331-335 Hay Street, Subiaco, Western Australia, 6008; or
- (b) send the proxy form by facsimile to the Company on facsimile number (08) 9382 4760,

so that it is received not later than 12.00pm on 28 November 2005.

Proxy forms received later than this time will be invalid.

CHAIRMAN'S LETTER

Dear Shareholder

In my report to you last year I outlined the process the then new Board had gone through to review the Company holdings and the project investigations, and negotiations that were underway.

Subsequent announcements have informed you of the successful outcome of those negotiations with the result that two significant projects have been acquired for the Company - one in gold and the other in nickel.

Ghana

Following on from our acquisition last year of a 40% stake in Ausgold Ghana Limited, we were independently offered access to two highly prospective tenements in Ghana. These are known as the Dadwen and Mame areas that are located immediately south and 10 kms south-east respectively of the important "Southern Ashanti Gold Project" of Adamus Resources Limited.

Preliminary exploration undertaken by our Ghanaian field operators has relocated the original exploration trenching placed by the former BHP Exploration Company. Work now underway includes clearing of the grid lines and re-opening the trenches for re-assay and geological examination prior to a drill program.

Ghana continues to be a very favourable location for gold exploration and mine development with the return of the Government in the general elections held there early this year. Many Canadian, South African and Australian companies are either undertaking exploration, establishing new mines or proceeding with existing mining operations.

Mount Windarra

In January 2005 we were pleased to announce we had reached an agreement with former Western Mining Limited - now BHP Billiton Nickel West - to acquire 100% of the famous Mount Windarra Project. On your behalf, I express our thanks to the WMC Executives we worked with for their openness, honesty and their integrity throughout our discussions.

Since the announcement WMC has, as you know, become part of the larger BHP Billiton organisation and the nickel projects have been allocated to their nickel unit known as NickelWest headed up in WA by Mr. Jimmy Wilson. We have had ongoing discussions with Mr. Wilson and his staff with respect to the Mount Windarra purchase and I place on record our thanks for their assistance to us as we move to complete the purchase.

You all know the importance the Mount Windarra project holds in the history of nickel mine developments in Australia so I won't go back over that, except to say that it is now clear that Mount Windarra still has some important and valuable secrets to reveal.

Considerable progress has been made in the sciences associated with geological and geophysical exploration since the Mount Windarra operations were closed by Western Mining. The Windarra special mining lease will be subjected to exploration using new technology and we have an expectation that drillable targets will be quickly identified.

The Mount Windarra Nickel Project acquisition is extremely important to the future direction of your Company and will assume primary focus for our future activities.

Government

We have enjoyed wonderful co-operation and assistance from all levels of Government both during and after the Mount Windarra announcement.

Discussions have been held with the Laverton Shire Council and their representatives over the past eighteen months.

I also place on record the encouragement and help provided to Niagara by the Member for Eyre, Hon. John Bowler, MLA, the Member for the area that includes the Mount Windarra Project and Laverton.

Metal Markets

We have all witnessed the considerable recovery in the global economy that has, in turn, driven metal prices to new levels. Many commentators have mentioned the prominent role played in this recovery by China particularly, and the Asian region in general.

We believe the acquisition and re-development of the Mount Windarra Project will allow Shareholders to participate in this strong and growing economy in a very fruitful way.

Administration

We have maintained a tough control on our administrative overheads during the period under review. During the year we relocated the main office from West Perth to Subiaco to provide much needed additional storage for the Mount Windarra records and to further reduce our operating expenses. The move has proven satisfactory.

I place on record and on behalf of our Shareholders give recognition to the Company's Chief Executive Officer (Chris Daws) for his vision, drive and enthusiasm to push the Company forward. Chris convinced the Board that the Windarra Nickel Assets were a worthwhile asset and developed the strategy that led to us to successfully negotiate its purchase from WMC - now BHP Billiton. Chris also identified the value in the Dadwen gold assets when they were offered to Niagara and quickly moved to secure its purchase for the future benefit of our Shareholders. The CEO is assisted in his duties by Kelly Dorrington and I thank also Kelly for the contribution she has made to this Company's future.

I record our appreciation for the efforts of our Company Secretary, Mr Ross Kestel.

Changes in Directors

Mr Simon Ribarich resigned as a Director during the year. I record our thanks for his contribution. I welcome Mr Peter Landau who joined the Company to replace Simon. Peter has extensive experience in corporate law and fund raising strategies and in the short time with us has already proven to be a valuable member of our small team.

I thank Mr Bruno Sceresini for his contribution, especially for the work he has done and is continuing on the metallurgy issues associated with the exploitation of the Mount Windarra Project.

Future Development

Although we continue to be offered many interesting projects it is our intention at this time, unless something of such significance comes along that it could not be ignored, to consolidate our activities on our existing projects at Mount Windarra and, to a lesser extent, Ghana.

Mount Windarra has all of the attributes to keep your Company gainfully occupied in the coming year. As I predicted last year, this has proven to be a turning point in the history of the Company, but much hard work remains to be done.

I am confident that my report to you next year will fully justify our belief in the value of the projects now available to us for development and that all Shareholders will benefit in the results of our efforts on your behalf.

Mr Douglas Daws
Executive Chairman
NIAGARA MINING LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Niagara Mining Limited will be held at the Heritage Board Room, The Melbourne Hotel, Perth WA 6000 at 12.00pm WST on 30 November 2005.

The Explanatory Statement to this Notice of Annual General Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the proxy form are part of this Notice of Annual General Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company at the close of business on 28 November 2005.

Terms and abbreviations used in this Notice of Annual General Meeting and Explanatory Statement are defined in the Glossary.

Shareholders should note that Resolutions 4 and 5 are interdependent. Accordingly, if Shareholders do not approve either Resolutions 4 and 5 none of the transactions contemplated by those Resolutions will proceed.

AGENDA

Reports and Accounts

To receive the financial report of the Company for the year ended 30 June 2005, together with the Directors' report and the auditor's report.

Resolution 1 – Adoption of Remuneration Report

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

"To adopt the Remuneration Report as contained in the Company's Annual Financial Report for the year ended 30 June 2005."

Short Explanation: The vote on this resolution is advisory only and does not bind the Directors or the Company.

Resolution 2 – Re-election of Mr Bruno Sceresini

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

"That, for the purposes of clause 12.2 of Constitution and for all other purposes, Mr Bruno Sceresini, retires, and being eligible, offers himself for re-election, and is hereby re-elected as a Director."

Short Explanation: Clause 12.2 of the Constitution provides that at the Annual General Meeting one third of the Directors for the time being shall retire from office. A retiring Director is eligible for re-election.

Resolution 3 – Re-appointment of Mr Peter Landau

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

“That, Mr Peter Landau, being a Director, is hereby re-appointed as a Director in accordance with clause 12.4 of the Constitution.”

Short Explanation: Mr Landau was appointed as a Director on 17 June 2005 and in accordance with clause 12.4 of the Company's Constitution he only holds office until the Annual General Meeting and is then eligible for re-election.

Resolution 4 – Change of Activities

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

“That, subject to the passing of Resolution 5, for the purposes of Listing Rule 11.1.2 of the ASX Listing Rules and for all other purposes, approval is given for the Company to make a significant change in the scale of its activities as a result of the Transaction described in the Explanatory Statement accompanying this Notice.”

Short Explanation: In accordance with ASX Listing Rule 11.1.2, ASX requires the Company to seek Shareholder approval to make a significant change to the scale of its activities. Please refer to the Explanatory Statement for details.

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 the capacity of a holder of ordinary securities, if the Resolution is passed, and any associates of those persons.

Resolution 5 – Allotment and Issue of Shares

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

“That, subject to the passing of Resolution 4, for the purposes of Listing Rule 7.1 of the ASX Listing Rules and for all other purposes, approval is given for the Company to allot and issue up to 60,000,000 Shares at an issue price of not less than \$0.20 each on the terms set out in the Explanatory Statement accompanying this Notice.”

Short Explanation: Under Listing Rule 7.1, the Company may issue up to 15% of its ordinary share capital in any 12 month rolling period without shareholder approval. By obtaining the prior approval of Shareholders for the issue of securities proposed under this Resolution, the Company retains the flexibility to make future issues of securities up to that threshold without Shareholder approval. Please refer to the Explanatory Statement for details.

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

Resolution 6 – Adoption of Incentive Option Scheme

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

"That, subject to the successful completion of the Transaction, for the purposes of Listing Rule 7.2 (Exception 9) of the Listing Rules of Australian Stock Exchange Limited and for all other purposes, the Directors are authorised to adopt and implement the "Niagara Mining Limited Incentive Option Scheme" (Scheme) on the terms and conditions of the Scheme, a summary of which is included in the Explanatory Statement accompanying this Notice."

Short Explanation: The Scheme is designed to be an incentive to key people who assist in the successful development and operation of the Company. Please refer to the Explanatory Statement for further details.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by the Directors of the Company (except those who are ineligible to participate in the Scheme), and any of their associates.

Resolution 7 – Grant of Options to Mr Daws

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

"That, subject to the successful completion of the Transaction, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.14, Condition 9(b) of ASX Listing Rule 7.2 and for all other purposes, approval is given for the Directors to grant 2,200,000 Options to Mr Douglas Daws (or his nominee) on the terms and conditions in the Explanatory Statement."

Short Explanation: The ASX Listing Rules require the Company to seek shareholder approval prior to the issue of securities to a related party under an employee incentive scheme. Under the Corporations Act, the provision of any financial benefit (which includes the grant of options), requires shareholder approval pursuant to the related party provisions (Part 2E). Mr Daws is a related party of the Company by virtue of the fact that he is a director.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Daws and any other director of the Company and any associate of Mr Daws or any other director of the Company.

Resolution 8 – Grant of Options to Mr Sceresini

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

"That, subject to the successful completion of the Transaction, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.14, Condition 9(b) of ASX Listing Rule 7.2 and for all other purposes, approval is given for the Directors to grant 2,200,000 Options to Mr Bruno Sceresini (or his nominee) on the terms and conditions in the Explanatory Statement."

Short Explanation: The ASX Listing Rules require the Company to seek shareholder approval prior to the issue of securities to a related party under an employee incentive scheme. Under the Corporations Act, the provision of any financial benefit (which includes the grant of options), requires shareholder approval pursuant to the related party provisions (Part 2E). Mr Sceresini is a related party of the Company by virtue of the fact that he is a director.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Sceresini and any other director of the Company and any associate of Mr Sceresini or any other director of the Company.

Resolution 9 – Approval for the Placement of Shares

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

"That, subject to the successful completion of the Transaction, for the purposes of Listing Rule 7.1 of the Listing Rules of Australian Stock Exchange Limited and for all other purposes, approval is given for the Company to allot and issue up to 13,000,000 Shares to Mr Martinus Coolen on the terms set out in the Explanatory Statement accompanying this Notice."

Short Explanation: Approval is sought under Listing Rule 7.1 to allow the Company to issue Shares Mr Martinus Coolen.

Voting Exclusion: The Company will disregard votes cast on this Resolution by a person who may participate in the proposed issue and any person who might obtain a benefit except a benefit solely in the capacity of a security holder if the Resolution is passed, and any associates of those persons.

DATED: 21 OCTOBER 2005

BY ORDER OF THE BOARD

**ROSS KESTEL
COMPANY SECRETARY**

Voting Exclusion Note:

Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the Annual General Meeting to be held at the Heritage Board Room, The Melbourne Hotel, Perth WA 6000 on 30 November 2005 at 12.00pm (WST).

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Annual General Meeting.

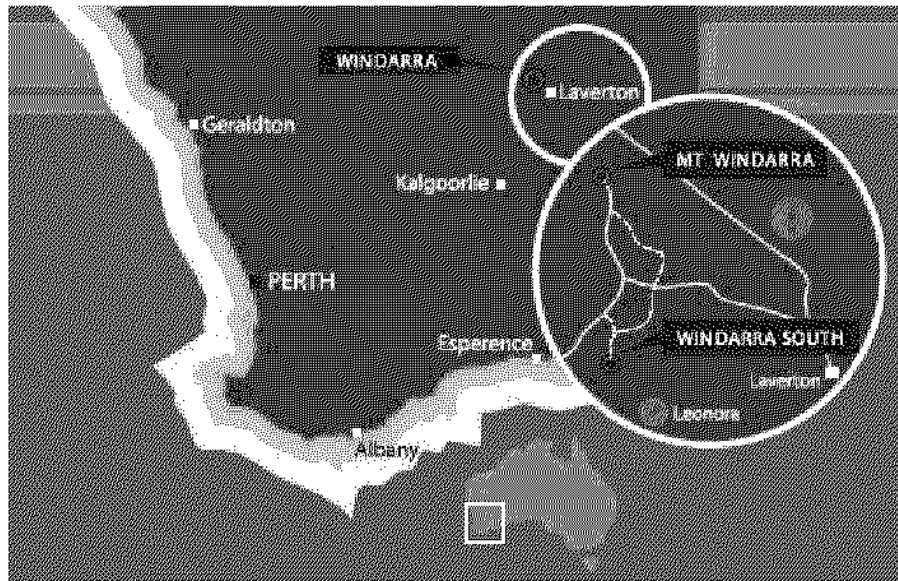
Shareholders should note that Resolutions 4 and 5 are interdependent. Accordingly, if Shareholders do not approve either of Resolutions 4 and 5 none of the transactions contemplated by those Resolutions will proceed.

1. GENERAL INFORMATION

1.1 Overview

On 5 April 2005, the Company announced that it had executed the "Mt Windarra Asset Sale and Purchase Agreement" with WMC Resources Limited (**WMC**) for the purchase of the "Windarra Nickel Project" (**Transaction**).

The proposed purchase of the Windarra Nickel Assets, located within Western Australia's rich nickel province, represents an outstanding exploration and development opportunity for the Company.



If implemented successfully, the Transaction will result in Niagara acquiring the following assets which comprise the Windarra Nickel Project:

- (a) mining lease 261SA (**Mining Lease**);
- (b) the underground mine and all associated infrastructure located on the Mining Lease; and

(c) all relevant mining information relating to the Mining Lease which is in the possession of WMC,

(together, the **Project Assets**).

Having conducted a substantial amount of research into numerous opportunities and proposals, the Directors are of the opinion that the proposed Transaction represents a significant opportunity for Shareholders.

Publicly available information on Windarra Nickel Assets is outlined in the table below:

Windarra Resources *	Tonnage	Grade	Contained Ni
Indicated	3.5 mt	1.40%	49.0 kt
Indicated	0.6 mt	0.90%	5.4 kt

SOURCE: ASX ANNUAL REPORT WMC LIMITED 1992

* Not included in the resource statement is a stockpiled ore of unknown quantity which is a potential cash flow option using heap leaching technology.

If Resolutions 4 and 5 are approved and the Transaction proceeds, there will be a change in the scale of the Company's activities.

In the event either of Resolutions 4 or 5 are not approved by Shareholders, the Transaction will not proceed.

1.2 Details of Transaction

1.2.1 Background on the Project Assets

The Project Assets are owned by WMC and are covered by an agreement with the State of Western Australia (The Poseidon Nickel Agreement Act 1971) (**State Agreement**). The underground mine for the Windarra Nickel Project is not currently in operation.

The Transaction will, subject to the approval of the Minister, result in the State Agreement being transferred to Niagara allowing Niagara to undertake targeted exploration activity and review the extensive drilling data currently held by WMC.

The Directors believe that the Mining Lease represents an outstanding exploration and development opportunity for Niagara. According to published reports the Windarra project produced about 7 million tonnes of sulphide nickel ore at grades in excess of 1.58% ahead of its closure in 1991. This included underground production at Mt Windarra at the northern end and from an open pit operation 18 kilometres south at Windarra South.

The Company has, since the date of signing the Windarra Agreement, become aware of stockpiled low-grade sulphide ore which testing has shown to be amenable to low cost treatment methods to extract the nickel as a nickel hydroxide, that is, simple water washing to produce nickel in solution and extraction via precipitation. This could provide the Company with an early cash flow. Further work with regard to this possibility will be a priority for the Company upon completion of the Transaction.

On completion of the Transaction, the Company will employ some of the substantial advancements in modern geophysical exploration methods suited to a "brown field" nickel site to identify "high grade" massive nickel sulphide ore bodies which can be placed into development. The Mining Lease has had no modern geophysical exploration, particularly TEM techniques, undertaken on it since the operations closed down due to depressed nickel prices in 1991. Indications and physical evidence suggest from the limited amount of data that the Company has been able to source that the Mining Lease has a very strong potential to host such an ore body.

The sustained strength in the nickel price and the positive outlook expressed by leading international nickel groups gives the Company confidence that it will be able to achieve its objectives for the Project Assets in the near term.

1.2.2 Summary of the terms of the Transaction

On 5 April 2005, the Company and WMC entered into an agreement under which WMC agreed to sell the Project Assets to the Company (**Windarra Agreement**).

The material terms of the Windarra Agreement are set out below:

- (a) WMC has agreed to sell and assign the Project Assets to Niagara;
- (b) the consideration payable by Niagara to WMC consists of \$7,750,000 (exclusive of GST) payable as follows:
 - (i) a deposit of \$1,500,000, which has been paid (**Deposit**);
 - (ii) \$5,250,000 on settlement of the Windarra Agreement; and
 - (iii) \$1,000,000 on the third anniversary of the date of assignment of the Project Assets to Niagara;
- (c) the Deposit is generally non-refundable, however, it is refundable if the Windarra Agreement is terminated without settlement having taken place due to a breach by WMC of any term of the Windarra Agreement or if the only condition precedent that was not satisfied or waived was the condition in paragraph (d)(i) below;
- (d) the obligations of the parties under the Windarra Agreement are subject to and conditional upon:
 - (i) WMC producing, and the Department of Industry and Resources approving, a closure plan for the rehabilitation and remediation of the Mining Lease in respect of WMC's past operations;
 - (ii) Niagara, WMC and the State of Western Australia entering into various deeds pursuant to which WMC will assign to Niagara the whole of its rights and obligations under the State Agreement and Niagara will agree to assume the rights and obligations of WMC under the State Agreement;

- (iii) the consent of the Minister responsible for administering the State Agreement to the transfer of the Mining Lease from WMC to Niagara;
- (iv) Niagara and the State of Western Australia executing a variation agreement amending the terms of the State Agreement as necessary to transfer the Windarra Nickel Project, including WMC's obligations under the State Agreement, to Niagara;
- (v) Niagara lodging an environmental bond with the State of Western Australia with respect to the Mining Lease and WMC receiving adequate evidence of substantiation of this; and
- (vi) Niagara obtaining all necessary Shareholder approvals required to complete the transactions contemplated by the Windarra Agreement;

The condition set out in paragraph (i) above has been satisfied;

- (e) following the delineation of 50,000 tonnes of nickel product from the Mining Lease, Niagara has agreed to first provide WMC with prior written notice of any proposed sale or transfer of nickel obtained from the Mining Lease and to provide WMC with a pre-emptive right to acquire the nickel;
- (f) Niagara has agreed to pay WMC a royalty of 1% of revenue earned by Niagara from the sale of nickel product to third parties (not including WMC);
- (g) upon settlement, Niagara has agreed to assume responsibility for all rehabilitation and other environmental liabilities of WMC relating to the Mining Lease. In addition, Niagara will be responsible for all rehabilitation and other environmental liabilities relating to its activities on the Mining Lease; and
- (h) Niagara has agreed to indemnify WMC from and against:
 - (i) all environmental liabilities relating to the Project Assets whether incurred or accruing before, on or after settlement and whether relating to or caused by activities of WMC, Niagara or any other person or entity;
 - (ii) all other claims in connection with the Project Assets which accrue, arise or relate to the period after settlement;
 - (iii) all claims arising from or in connection with any failure by Niagara to comply with certain of its covenants and obligations; and
 - (iv) all claims arising from or in connection with any activities and operations undertaken by or on behalf of Niagara on, under or in the vicinity of the Mining Lease.

WMC has also provided Niagara with a limited number of warranties and representations as to the ownership of the Project Assets. WMC has not

provided any warranties with respect to native title issues on the Mining Lease or the condition, state and/or suitability of the Project Assets and Niagara has acknowledged that it has entered into the Windarra Agreement in reliance on its own judgement and evaluation of the Project Assets.

1.3 Pro-Forma Statement of Financial Position

Set out in Schedule 1 is an unaudited statement of financial position of the Company as at 31 August 2005, together with the pro-forma statement of financial position following completion of the Transaction.

1.4 Advantages of the Transaction

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 proposed Transaction:

- (a) the Transaction provides Shareholders with the opportunity to participate in a significant expansion in the operations of the Company into nickel exploration and mining at a time of continuing strength in the nickel market and predictions by market commentators of expected growth in demand for nickel;
- (b) the Transaction provides the Company with the opportunity to re-open the mine to access ore known to remain when mining was terminated due to depressed nickel markets at that time;
- (c) indications and physical evidence suggest from the limited amount of data that the Company has been able to source that the Mining Lease has a very strong potential to host a high grade massive nickel sulphide ore body;
- (d) stockpiled low-grade sulphide ore on the Mining Lease could provide the Company with an early cash flow (refer to Section 1.2.1); and
- (e) the placement to fund the Transaction is likely to increase liquidity in the Company's Shares allowing Shareholders to realise the value of their investment more easily.

1.5 Disadvantages of the Transaction

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 proposed Transaction:

- (a) the placement to fund the Transaction will result in the issue of Shares which will dilute the current holdings of Shareholders;
- (b) the Company will be changing the scale of its activities by a significant extent, which may not be consistent with the investment objectives of all Shareholders; and
- (c) there are many risk factors associated with the Transaction. Some of these are set out in Section 1.6 below.

1.6 Risks

The Company is, and will continue to be, a mining exploration company following completion of the Transaction, but with an additional focus on nickel. Accordingly, in general, the risk factors that are relevant to the Company will not change as a result of the Transaction. A non-exhaustive list of additional risk factors is set out below:

Exploration Risk

Mining exploration involves significant risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome.

There is a risk that nickel discoveries may fail to realise their estimated recoverable reserves. Even if nickel is discovered in those areas, there is no assurance that commercial quantities of nickel can be recovered. No assurances can be given that if commercial reserves are discovered by the Company, it will be able to commercialise any such reserves as intended.

Commercialisation Risks

Even if the Company discovers commercial quantities of nickel, there is a risk the Company will not achieve a commercial return. The Company may not be able to transport the nickel at a reasonable cost or may not be able to sell the nickel to customers at a rate which would cover its operating and capital costs.

Competition Risk

The industry in which the Company will be involved is subject to domestic and global competition. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

Future Capital Needs

Further funding may be required by the Company to support its ongoing activities and operations in relation to the Project Assets. There can be no assurance that such funding will be available on satisfactory terms or at all. Any inability to obtain finance will adversely affect the business and financial condition of the Company and its performance.

Nickel Price Fluctuations

The price for nickel will depend on available markets at acceptable prices and transmission and distribution costs. Any substantial decline in the price of nickel or an increase in transmission or distribution costs could have a material adverse effect on the Company's operations.

Environmental Risks

Nickel exploration, development and production can be hazardous to the environment. The Company may incur substantial costs for environmental rehabilitation, damage control and losses by third parties resulting from its operations.

The Company's operations are subject to the relevant environmental risks inherent in the mining industry. The Company is subject to relevant environmental laws and regulations in connection with all its operations.

The Company intends to conduct its activities in an environmentally responsible manner. However, the Company could be subject to liability due to risks inherent in its activities or other unforeseen circumstances.

1.7 Plans for the Company if the Transaction is not Approved

If the Transaction is not approved, the Company intends to continue to explore its existing tenements and the Board will continue to review other projects with a view to identifying an alternative transaction that the Directors consider to be in the best interests of Shareholders.

2. BUSINESS OF THE MEETING

2.1 Resolution 1 – Adoption of Remuneration Report

For financial years beginning on or after 1 July 2004, at a listed company's Annual General Meeting, a resolution that the Remuneration Report be adopted must be put to the shareholders. The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

2.2 Resolution 2 – Re-election of Mr Bruno Sceresini

Clause 12.2 of the Constitution provides that at the Annual General Meeting one third of the Directors for the time being shall retire from office. A retiring Director is eligible for re-election.

Mr Bruno Sceresini retires by rotation and seeks re-election as a Director pursuant to Resolution 2.

Mr Sceresini, aged 65, was appointed as a Director on 13 January 2004. Mr Sceresini joined Nimbus Mines Limited as a Non-Executive Director in December 2001. Mr Sceresini is a qualified WASM Metallurgist with over 39 years diversified metallurgical experience in Australia including milling, concentration, nonferrous pyrometallurgy involving smelting and refining, hydrometallurgy involving electrowinning, pressure leaching, hydrogen gas reduction and gold cyanidation including refractory ore treatment, Merrill Crowe precipitation and CIP. Mr Sceresini developed and patented the Sceresini Process for cyanide and copper recovery from copper/gold ores.

Mr Sceresini has been closely involved in the development and application of the Filblast Technology for flotation and for enhanced mass transfer and reaction kinetics, especially in the field of gas dispersion and reaction in slurries. During the past seven years, Mr Sceresini has been responsible for marketing the Filblast Gas Shear Reactor technology worldwide for aeration / leaching applications and for contaminated effluent water treatment.

Most recently Mr Sceresini has played a key role in the implementation of a significant R & D programme, which funded the design and construction of a 25 tonne per hour modular mineral processing plant utilising state of the art technology.

Mr Sceresini has worked for a number of large and small organisations in various roles including Mill Superintendent for Hill 50 Gold Mine, Assistant Electrolysis Superintendent for Broken Hill Associated Smelters Port Pirie, Leach Area Superintendent / Assistant Refinery Superintendent (Kwinana Nickel Refinery) and Metallurgical Superintendent (Kambalda Nickel Operations) for Western Mining Corporation and Project Manager / Mine Manager of Boddington Gold Mine for Worsley Alumina.

Mr Sceresini currently holds various positions on the boards of Australian Mining Advisers Pty Ltd, Hyperox Technologies Pty Ltd, Ausmin Technology and Development NL and O'Sullivan's Joint Venture. Mr Sceresini is a member of Aus.IMM.

2.3 Resolution 3 – Re-appointment of Mr Peter Landau

Clause 12.4 of the Constitution provides that the Directors may at any time appoint a person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but so that the total number of Directors does not at any time exceed the maximum number specified by the Constitution. Any Director so appointed holds office only until the next following general meeting and is then eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Mr Peter Landau was appointed as a non-executive Director on 17 June 2005 and seeks re-appointment in accordance with clause 12.4 of the Constitution.

Mr Landau is a corporate lawyer and advisor with Grange Consulting Group Pty Ltd (**Grange**), having previously worked with Clayton Utz and as general counsel at Co-operative Bulk Handling. Mr Landau is responsible for providing general corporate, capital raising, transaction and strategic advice to Grange's clients, which include numerous ASX listed and unlisted companies. Mr Landau is a Director and Company Secretary of a number of ASX listed companies.

2.4 Resolution 4 – Change of Activities

The Directors have been actively seeking new investment opportunities. After reviewing a number of potential opportunities, the Board decided that the Transaction represented the best available opportunity for Shareholders.

As set out in this Explanatory Statement, in particular Section 1.2, the Transaction will result in a change in the scale of the Company's activities.

For this reason, the Company is seeking Shareholder approval for the Transaction under ASX Listing Rule 11.1.2.

The Company is not required to meet the requirements in Chapters 1 and 2 of the ASX Listing Rules as if it were applying for admission to the official list of ASX.

2.5 Resolution 5 – Allotment and Issue of Shares

ASX Listing Rule 7.1 provides that a company must not, subject to certain exceptions, issue during any 12 month period any equity securities or other securities with rights of conversion to equity (such as an option) if the number of those securities exceeds 15% of the total ordinary securities on issue at the commencement of that 12 month period.

One circumstance where an issue is not taken into account in the calculation of this 15% threshold is where the issue has the prior approval of shareholders in a general meeting.

The Company is seeking approval under this Listing Rule for the proposed offer of up to 60,000,000 Shares to allow this number of securities not to be included in the calculation under ASX Listing Rule 7.1. This will enable the Company to have the flexibility to issue equity securities in the future up to the 15% threshold without the requirement to obtain Shareholder approval.

ASX Listing Rule 7.3 requires that the following information be provided to Shareholders when seeking an approval for the purposes of ASX Listing Rule 7.1:

- (a) the maximum number of securities to be issued is 60,000,000 Shares;
- (b) the Shares will be issued at a price of not less than \$0.20 per Share;
- (c) the Shares will be issued no later than three (3) months after the date of the Annual General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (d) the Shares will rank equally with the Company's current issued Shares;
- (e) it is intended that allotment of the Shares will occur on one date;
- (f) the Shares will be offered to sophisticated investors and institutions (who will not be related parties of the Company); and
- (g) the Company intends to use the funds raised from the issue of the Shares for the following purposes (assuming \$12,000,000 is raised):
 - (i) \$5,250,000 payment to WMC Resources Limited as per the payment schedule for the purchase of the Project Assets;
 - (ii) \$500,000 for stamp duty and acquisition costs;
 - (iii) \$3,500,000 for data compilation and exploration expenditure; and
 - (iv) \$2,750,000 for issue costs and general working capital.

2.6 Resolution 6 – Adoption of Incentive Option Scheme

Resolution 6 seeks the approval of Shareholders for the adoption of the "Niagara Mining Limited Incentive Option Scheme" (**Scheme**). Resolution 6 is placed before Shareholders in accordance with Exception 9 of Listing Rule 7.2. If Resolution 6 is passed, the Company will be able to issue options under the Scheme without impacting on the Company's ability to issue up to 15% of its total ordinary securities without shareholder approval in any 12 month period.

Shareholders should note that no options have previously been issued under this Scheme and the objective of the Scheme is to attract, motivate and retain key employees.

It is considered by the Directors that the adoption of the Scheme and the future grant of options under the Scheme will provide selected employees with the opportunity to participate in the future growth of the Company.

A summary of the terms and conditions of the Scheme is set out below:

Introduction

The Scheme is designed to provide eligible participants with an ownership interest in the Company and to provide additional incentives for eligible participants to increase profitability and returns to Shareholders.

The summary of the Scheme is set out below for the information of potential investors in the Company. The detailed terms and conditions of the Scheme may be obtained free of charge by contacting the Company.

General

The Board may from time to time, in its absolute discretion, offer to grant options to eligible participants under the Scheme.

Each option will be issued for no consideration and will carry the right in favour of the option holder to subscribe for one (1) Share in the capital of the Company.

The Board may determine the exercise price of the options in its absolute discretion. Subject to the Listing Rules, the exercise price may be nil but to the extent the Listing Rules specify or require a minimum price, the exercise price in respect of an offer made following the day on which Shares are first quoted on the Official List must not be less than any minimum price specified in the Listing Rules.

Eligible Participants

Full time employees, part time employees, Directors and consultants of the Company or an associated body corporate (the **Group**) are eligible to participate in the Scheme. Any participation by the Directors in the Scheme will require shareholder approval in accordance with the Corporations Act.

Lapse of Options

Unless the Board in its absolute discretion determines otherwise, options shall lapse immediately if:

- (a) the eligible participant ceases to be an employee or director of, or to render services to, a member of the Group for any reason whatsoever and the conditions of exercise of the options (**Exercise Conditions**) have not been met;
- (b) the Exercise Conditions of the options are unable to be met;
- (c) the date which is 2 years after the date of the grant of the options, or such other expiry date as the Board determines in its discretion at the time of grant of the option (**Lapsing Date**) has passed; or
- (d) the expiry of 60 days after the eligible participant ceases to be an employee or director of, or to render services to, a member of the Group for any reason whatsoever prior to the Lapsing Date where the Exercise Conditions have been met,

whichever is earlier.

Participation in Future Issues

There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 business days after the issue is announced. This will give option holders the opportunity to exercise their options prior to the date for determining entitlements to participate in any such issue.

If the Company makes a pro rata issue of securities (except a bonus issue) to the holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the exercise price of the options shall be reduced in accordance with the formula in the Listing Rules.

In the event of a bonus issue of Shares being made pro-rata to Shareholders (other than an issue in lieu of dividends), the number of Shares issued on exercise of each option will include the number of bonus Shares that would have been issued if the option had been exercised prior to the record date for the bonus issue. No adjustment will be made to the exercise price per Share of the option.

Reorganisation

The terms upon which options will be granted will not prevent them being reorganised as required by the Listing Rules on the reorganisation of the capital of the Company.

Trigger Events

Upon the occurrence of certain trigger events (for example the receipt by the Company of a bidder's statement in respect of the Company), the Directors may determine:

- (a) that the options may be exercised at any time from the date of such determination, and in any number until the date determined by the Directors acting bona fide so as to permit the holder to participate in any change of control arising from a trigger event, provided that the Directors will forthwith advise in writing each holder of such determination. Thereafter, the options shall lapse to the extent they have not been exercised; or
- (b) to use their reasonable endeavours to procure that an offer is made to holders of options on like terms (having regard to the nature and value of the options) to the terms proposed under the trigger event in which case the Directors shall determine an appropriate period during which the holder may elect to accept the offer and, if the holder has not so elected at the end of that period, the options shall immediately become exercisable and if not exercised within 10 days, shall lapse.

2.7 Resolutions 7 and 8 – Grant of Options

2.7.1 Background

The Company has agreed to grant Options under the Scheme to certain Directors of the Company (together, the **Related Parties**) in the following amounts:

Director	Number of Options
Mr Daws	2,200,000
Mr Sceresini	2,200,000

The Options to be issued to the Related Parties will be restricted from trading for a period of 1 year from their date of issue. Both Mr Daws and Mr Sceresini have agreed to enter into a voluntary restriction agreement for this purpose.

Approval is being sought to grant Options to the Related Parties as consideration for these Options forming part of the Directors' respective remuneration packages and to secure the ongoing commitment of the Directors to the continued growth of the Company (**Related Party Transaction**).

Shareholder approval for the Related Party Transaction is required pursuant to ASX Listing Rule 10.14 and Chapter 2E of the Corporations Act.

The Company has also agreed to issue a further 2,600,000 Options under the Scheme to Mr Chris Daws (2,200,000 Options) and Ms Kelly Dorrington (400,000 Options). The terms of these Options are the same as set out in Section 2.7.6. Shareholder approval is not required for these issues.

2.7.2 ASX Listing Rule 10.14

ASX Listing Rule 10.14 provides that a company must not permit any of the following persons to acquire securities under an employee incentive scheme without the approval of holders of ordinary securities for the acquisition:

- (a) a director of the company;
- (b) an associate of the director; or
- (c) a person whose relationship with the company or a person referred in (a) or (b) above is, in ASX's opinion, such that approval should be obtained.

If Resolutions 7 and 8 are passed, Options will be granted to the Related Parties. Mr Daws and Mr Sceresini are Directors of the Company.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to grant the Options as approval is being obtained under ASX Listing Rule 10.14 and Condition 9(b) of ASX Listing Rule 7.2. The grant of Options to the Related Parties will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

2.7.3 Technical Information Required by ASX Listing Rule 10.15

The notice of meeting to obtain approval must comply with either ASX Listing Rule 10.15 or 10.15A. Information required to be provided for the purposes of approval under ASX Listing Rule 10.14 is set out below, in accordance with ASX Listing Rule 10.15:

- (a) full time employees, part time employees, Directors and consultants of the Company or an associated body corporate are eligible to participate in the Scheme. The persons referred to in ASX Listing Rule 10.14 who are eligible to participate in the Scheme as at the date of this Notice are Douglas Daws, Bruno Sceresini, Peter Landau, Chris Daws and Kelly Dorrington;
- (b) the maximum number of Options to be granted by the Company to the Related Parties is 4,400,000 Options, which comprises 2,200,000 Options to each of Mr Daws and Mr Sceresini;
- (c) the Options will be granted free as consideration for performance of work, both previously and into the future, by the Related Parties for the Company and to secure the ongoing commitment of the Related Parties to the continued growth of the Company. In determining the number of Options to be issued and their terms, consideration was given to the relevant experience and role of each of the Directors, their respective overall remuneration terms, the current market price of Shares and the terms of options packages granted to directors of other companies within the resources sector;
- (d) the terms of the Options are set out in Section 2.7.6 of this Explanatory Statement;
- (e) no persons have received any securities under the Scheme;
- (f) no financial assistance will be provided by the Company to the Related Parties for the purposes of the Related Party Transaction; and
- (g) the Options referred to in paragraph (b) above will be issued or acquired under the Scheme within 12 months after the date of the Meeting.

Shareholders should note that no Options have previously been issued under the Scheme and the objective of the Scheme is to attract, motivate and retain key employees.

A summary of the terms and conditions of the Scheme is contained in Section 2.6 of this Explanatory Statement. A copy of the rules for the Scheme which sets out the full terms and conditions of the Scheme will be sent free to a Shareholder on request, or may be inspected at the Company's registered office during normal business hours.

The Company acknowledges that the grant of the Options to the Related Parties who are Non-Executive Directors of the Company is contrary to recommendation 9.3 of the ASX Good Corporate Governance and Best Practice Recommendations. However, the Board considers the grant of the Options to be appropriate and reasonable in the circumstances given the

necessity to attract the highest calibre of professionals to the role, whilst maintaining the Company's cash reserves.

The Non-Executive Directors of the Company receive only modest fees (as set out in Section 2.7.4 of this Explanatory Statement) in comparison to other listed companies of a similar size and their role in the Company is focussed on growing shareholder value through strategic direction as well as ensuring governance and controls. The Board considers it more appropriate for Non-Executive Directors to be compensated in part by a performance related option issue rather than by increased fees. The Board considers that the grant of these Options forms part of a reasonable overall remuneration package.

2.7.4 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. Section 208 of the Corporations Act prohibits a public company giving a financial benefit to a related party unless one of a number of exceptions applies.

A "financial benefit" is defined in the Corporations Act in broad terms and includes a public company issuing securities.

For the purposes of this meeting, a "related party" includes a director of the Company. Accordingly, the proposed grant of Options to the Related Parties involves the provision of a financial benefit to a related party of the Company.

Where no exception is applicable (as is the case in these circumstances), Section 208 of the Corporations Act provides that for a public company to give a financial benefit to a related party of that company, the public company must:

- (a) obtain the approval of members in the way set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months after the approval is obtained.

In accordance with the requirements of Sections 217 to 227 of the Corporations Act, the following information is provided to allow shareholders to assess the proposed grant of the Options to the Related Parties:

- (a) the related parties to whom the financial benefits will be given are Mr Daws and Mr Sceresini;
- (b) the maximum number of Options (being the nature of the financial benefit being provided) to be granted to the Related Parties is 4,400,000, which comprises 2,200,000 Options to each of Mr Daws and Mr Sceresini. In determining the number of Options to be issued and their terms, consideration was given to the relevant experience and role of each of the Directors, their respective overall remuneration terms, the current market price of Shares and the terms of options packages granted to directors of other companies within the oil and gas exploration sector;
- (c) no funds will be raised from the grant of the Options;

- (d) as at the date of this Notice, the annual remuneration (inclusive of superannuation where applicable) payable to the Related Parties is set out below:

Person	Remuneration
Mr Daws	\$43,600
Mr Sceresini	\$58,900

- (e) during the previous financial year, the remuneration (inclusive of superannuation where applicable) paid to the Related Parties is set out below:

Person	Remuneration
Mr Daws	\$40,875
Mr Sceresini	\$8,175

- (f) other than as set out above, the Related Parties receive no other emoluments from the Company;

- (g) as at the date of this Notice, the Related Parties have notifiable interests in the securities of the Company as set out below:

Person	Shares	Options
Mr Daws	Nil	Nil
Mr Sceresini	Nil	Nil

- (h) if Shareholders approve the grant of Options to the Related Parties and all of the Options are exercised, the effect will be to dilute the shareholding of existing Shareholders by approximately 3.41% (based on the number of Shares currently on issue and assuming no other convertible securities are exercised). The market price for Shares during the term of the Options would normally determine whether or not the Options are exercised. If, at the time any of the Options are exercised, the Shares are trading on ASX at a price that is higher than the exercise price of the Options, there may be a perceived cost to the Company. In the 12 months before the date of this Notice, the highest, lowest and last trading price of Shares on ASX are as set out below:

Highest	\$0.265 on 30 September and 3 October 2005
Lowest	\$0.0905 on 10 November 2004
Last	\$0.205 on 20 October 2005

- (i) the ASIC in reviewing documents lodged under Section 218 of the Corporations Act relating to the giving of financial benefits to related parties of public companies requires explanatory information regarding

the value of the options proposed to be granted. The value of the Options and the pricing methodology is set out in Section 2.7.5 of this Explanatory Statement; and

- (j) Mr Daws and Mr Sceresini decline to make a recommendation to Shareholders in relation to Resolutions 7 and 8 respectively due to their material personal interest in the outcome of the relevant Resolutions. The independent Directors (with respect to Resolutions that they do not have a material personal interest in) recommend that Shareholders vote in favour of Resolutions 7 and 8 as they are of the view that the issue of Options to the Related Parties is an appropriate form of remuneration to provide them with an incentive to maximise returns to Shareholders. The Directors are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolutions.

2.7.5 Valuation of Options

The Options have been independently valued by Stanton Partners Corporate Pty Ltd using the Black Scholes pricing model and based upon the following assumptions:

- (a) the valuation date for the Options is 20 October 2005, although the Options will not be granted until the Company has approved the grant of the Options. This is expected to occur in late November 2005;
- (b) the market price of a fully paid Share as quoted on ASX as at 20 October 2005 was 21 cents;
- (c) the exercise price of the Options is 0.1 cents per Option;
- (d) the Options expire 10 years from the date of grant;
- (e) a risk free rate of 5.395% (being the 10 year Treasury Bonds rate);
- (f) the Options have been valued based on a volatility of between 40% and 80% with a preferred range volatility of 60%. The volatility of a company's share is normally based on the prior years trading after taking into account such factors as change in management, changes in activities, significant announcements that have caused a re-rating upwards or downwards in a company's share price and general market conditions. In the case of Niagara, the Shares in the 12 months to 20 October 2005 traded in the range of 9.5 cents to 26.5 cents for a volatility of well over 170%. It is noted that the Shares in the three months to 20 October 2005 traded in the 18.0 cents to 26.5 cents range for a volatility of around 47%. In late January 2005 Niagara made an announcement involving the proposal to acquire the Mount Windarra nickel project from Western Mining Limited (now BHP Billiton's Nickel West). The Shares were immediately re-rated from that point in time and therefore we have ignored share prices pre such an announcement. For the six months ended 20 October 2005 the Shares in Niagara traded on ASX in the 12.5 cents to 26.5 cents range and in the three months to 20 October 2005 traded in the 18.0 cents to 26.5 cents range for volatilities of 112% and 47% respectively. The Company over the past three months has made a number of significant announcements and on 30 September undertook a presentation to

investors on the Windarra nickel project. Taking into account the last three months trades, the share price as at 20 October 2005 (in relation to recent trading in August/September) and general volatilities applying to the small cap mining companies, a volatility factor of between 40% and 80% has been used in valuing the Options. A preferred volatility factor is 60%; and

- (g) the valuation ranges noted below are not necessarily the market price that Options could be traded at and it is not automatically the market prices for taxation purposes.

Based on the above assumptions, the technical ranges of values of each Option to be granted to the Related Parties are as follows:

	40% Volatility	60% Volatility	80% Volatility
Option Value	20.42 cents	20.47 cents	20.59 cents

Accordingly, the total value of the Options (assuming a volatility of 60%) to be granted to the Related Parties is as follows:

Person	Value
Mr Daws	\$450,340
Mr Sceresini	\$450,340

2.7.6 Terms of Options

Each Option will entitle the holder to subscribe for one fully paid ordinary Share in the Company on the following terms:

- (a) subject to paragraph (b), the Options may be exercisable at any time prior to 5.00pm WST on that date which is ten (10) years from the date of grant of the Options (**Expiry Date**). Options not exercised on or before the Expiry Date will automatically lapse;
- (b) where the holder cease to be an employee or Director of the Company for any reason whatsoever, the holder will be entitled to exercise the Options for a period of 30 days, after which the Options will immediately lapse;
- (c) the exercise price of each Option is \$0.001;
- (d) the Options may be exercised wholly or in part by completing an application form for Shares (**Notice of Exercise**) delivered to the Company's share registry and received by it any time prior to 5:00pm WST on the Expiry Date;
- (e) the Options are not transferable;
- (f) upon the exercise of an Option and receipt of all relevant documents and payment, the holder will be allotted and issued a Share ranking pari passu with the then issued Shares. The Company will apply to ASX to

have the Shares granted Official Quotation. The Options will not be listed on ASX;

- (g) a summary of the terms and conditions of the Options, including the Notice of Exercise, will be sent to all holders of Options when the initial holding statement is sent;
- (h) there will be no participating entitlement inherent in the Options to participate in the new issues of capital which may be offered to Shareholders during the currency of the Options. Prior to any new pro rata issue of securities to Shareholders, holder of Options will be notified by the Company in accordance with the requirements of the ASX Listing Rules;
- (i) in the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2; and
- (j) in the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the expiry date, all rights of an Option holder are to be changed in a manner consistent with the ASX Listing Rules.

The Options will be restricted from trading for a period of 1 year from their date of issue. Both Mr Daws and Mr Sceresini have agreed to enter into a voluntary restriction agreement for this purpose.

2.8 Resolution 9 – Approval for the Placement of Shares

Resolution 9 seeks Shareholder approval for the placement of 13,000,000 Shares to Mr Martinus Coolen.

The Company has agreed, subject to shareholder approval, to allot and issue the Shares to Mr Martinus Coolen in consideration for his role in facilitating the acquisition and funding of the Mount Windarra Project.

This Resolution is required to be approved by Shareholders in accordance with ASX Listing Rule 7.1. The reason for an approval under ASX Listing Rule 7.1 is set out at Section 2.6 above.

The Shares to be issued to Mr Coolen will be restricted from trading for a period of 1 year from their date of issue. Mr Coolen has agreed to enter into a voluntary restriction agreement for this purpose.

The following information is provided to Shareholders for the purposes of obtaining Shareholder approval for Resolution 9:

- (a) the maximum number of Shares to be issued is 13,000,000 Shares;
- (b) the Shares will be issued for free and will rank equally with the existing Shares on issue;
- (c) the Shares will be issued no later than 3 months from the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules);

- (d) it is intended that allotment of the Shares will occur on one date;
- (e) the Shares will be issued to Mr Martinus Coolen; and
- (f) no funds will be raised from the issue of the Shares.

GLOSSARY

Annual General Meeting means the meeting convened by the Notice.

ASIC means the Australian Securities and Investments Commission.

ASX means Australian Stock Exchange Limited.

ASX Listing Rules or **Listing Rules** means the Listing Rules of ASX.

Board means the current board of Directors of the Company.

Company and **Niagara** means Niagara Mining Limited (ABN 60 060 525 206).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors mean the current directors of the Company.

Explanatory Statement means the explanatory statement to the Memorandum.

Memorandum means this information memorandum.

Mining Lease means mining lease 261SA.

Windarra Agreement means the "Windarra Sale and Purchase Agreement" entered into between Niagara and WMC, as referred to in Section 1.2.2 of the Explanatory Statement.

Notice means the notice of annual general meeting which forms part of this Memorandum.

Official List means the official list of ASX.

Project Assets has the meaning given to that term in Section 1.1 of the Explanatory Statement.

Resolutions means the resolutions set out in the Notice and **Resolution** means any one of them, as the context requires.

Scheme means the "Niagara Mining Limited Incentive Option Scheme", further details of which are set out in Section 2.6 of this Explanatory Statement.

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

Shareholder means a holder of a Share.

State Agreement means The Poseidon Nickel Agreement Act 1971 as amended from time to time.

Transaction means the acquisition of the Windarra nickel assets from WMC, in accordance with the details set out in Section 1 of the Explanatory Statement.

WMC means WMC Resources Limited (ABN 76 004 184 598).

WST means Western Standard Time, Perth, Western Australia.

SCHEDULE 1

**PRO-FORMA STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2005**

	unaudited August 2005	Total adjustments	Proforma August 2005
Current Assets			
Cash	279,423	1,960,000	2,239,423
Receivables	4,373	0	4,373
Other	17,112	0	17,112
Total current assets	300,908	1,960,000	2,260,908
Non-current assets			
Property, plant & equipment	44,847	0	44,847
Investments	153,535	0	153,535
Receivables	383,707	0	383,707
Exploration assets	2,950,944	9,250,000	12,200,944
Total non-current assets	3,533,033	9,250,000	12,783,033
Total assets	3,833,941	11,210,000	15,043,941
Current liabilities			
Payables	75,399	0	75,399
Provisions	25,984	0	25,984
Total current liabilities	101,383	0	101,383
Total liabilities	101,383	0	101,383
Net assets	3,732,558	11,210,000	14,942,558
Shareholders' equity			
Contributed equity	23,279,864	12,000,000	35,279,864
Share issue costs	-137,802	-750,000	-887,802
Reserves	68,283	0	68,283
Retained earnings	-19,256,378	0	-19,256,378
Current earnings	-221,409	-40,000	-261,409
Total shareholders' equity	3,732,558	11,210,000	14,942,558

Proforma adjustments

- a Issue of 60,000,000 shares at 20 cents
- b Brokerage fees of 6% on the placement
- c Costs of the issue - legal fees, ASIC fees, ASX fees, printing etc
- d Payment of success fee upon completion of the Windarra Purchase as per agreement with Gryphon Management Pty Ltd dated 27th May 2004
- e Payment to WMC for the balance of the purchase price per the Windarra Deed
- f Payment of stamp duty and acquisition costs for Windarra
- g Payment for data compilation and exploration expenditure for Windarra
- h Issue of 13,000,000 shares to Mr Martinus Coolen for nil consideration per Resolution 9 of the Notice of AGM

Assumptions

- 1 Grant of options per resolutions 7 and 8 are not reflected in the proforma statement of financial position
- 2 \$2,000,000 raised from this issue will be utilised for general working capital
- 3 Environmental obligations payable of \$3,500,000 and financing of this obligation is not reflected in the proforma statement of financial position

Niagara Mining Limited
Cash Reconciliation
as at 31 August 2005

Cash balance as at 31 August 2005	279,423
Proceeds of share issue	12,000,000
Costs of the issue	-750,000
Payment of success fee to Gryphon Management	-40,000
Settlement of Windarra agreement	-5,250,000
Stamp duty and acquisition costs of Windarra agreement	-500,000
Data compilation and exploration expenditure	-3,500,000
Cash balance per proforma statement of financial position	2,239,423

PROXY FORM

**APPOINTMENT OF PROXY
NIAGARA MINING LIMITED
ABN 60 060 525 206**

I/We

being a Member of Niagara Mining Limited entitled to attend and vote at the Annual General Meeting, hereby

Appoint

Name of proxy

or failing the person so named or, if no person is named, the Chairman of the Annual General Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the Annual General Meeting to be held at 12.00pm on 30 November 2005 at the Heritage Board Room, The Melbourne Hotel, Cnr. Milligan Street & Hay Street, Perth WA 6005 and at any adjournment thereof. If no directions are given, the Chairman will vote in favour of all of the resolutions.

Voting on Business of the Annual General Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr Bruno Sceresini	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-appointment of Mr Peter Landau	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Change of Activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Allotment and Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Adoption of Incentive Option Scheme	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Grant of Options to Mr Daws	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Grant of Options to Mr Sceresini	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Approval for the Placement of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of the interest. The Chairman will vote in favour of all of the resolutions if no directions are given.

YOU MUST EITHER MARK THE BOXES DIRECTING YOUR PROXY HOW TO VOTE OR MARK THE BOX INDICATING THAT YOU DO NOT WISH TO DIRECT YOUR PROXY HOW TO VOTE, OTHERWISE THIS APPOINTMENT OF PROXY FORM WILL BE DISREGARDED.

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.

Signed this _____ day of _____ 2005

By:

Individuals and joint holders

Signature
Signature
Signature

Companies (affix common seal if appropriate)

Director
Director/Company Secretary
Sole Director and Sole Company Secretary

NIAGARA MINING LIMITED
ABN 60 060 525 206

Instructions for Completing 'Appointment of Proxy' Form

1. A member entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the proxy form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - directors of the company;
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a proxy form will not prevent individual shareholders from attending the meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the meeting
5. Where a proxy form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
6. To vote by proxy, please complete and sign the proxy form enclosed with this Notice of Annual General Meeting as soon as possible and either:
 - (a) send or deliver the proxy form to Niagara Mining Limited at Unit 8, 331-335 Hay Street, Subiaco, Western Australia, 6008; or
 - (b) send the proxy form by facsimile to the Company on facsimile number (08) 9382 4760,

so that it is received not later than 12.00pm WST on 28 November 2005.

Proxy forms received later than this time will be invalid.