



*Exploring forgotten mineral fields*

# Notice of Second Annual General Meeting and Explanatory Statement

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## **Time and place of meeting and how to vote**

### **Venue**

The Annual General Meeting of Peel Exploration Limited will be held at:

**The VIC**

**1<sup>st</sup> floor, 226 Hay Street**

**Subiaco WA 6008**

**Commencing 3.00 pm (WST) Thursday, 27 November 2008**

### **How to Vote**

You may vote by attending the meeting in person, by proxy or authorised representative.

### **Voting in person**

To vote in person, attend the meeting on the date and at the place set out above. The meeting will commence at 3.00 pm (WST).

### **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:

- send the proxy form by facsimile to the Company on facsimile number (08) 9388 1025 (International: + 61 8 9388 1025); or
- deliver or post the proxy form to the Company at Level 1, 79 Hay St, Subiaco, Western Australia 6008,

so that it is received not later than 3.00 pm (WST) on 25 November 2008.

**Proxy Forms received later than this time will be invalid.**

**Your proxy form is attached.**

# Notice of Second Annual General Meeting

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Notice is given that the Annual General Meeting of shareholders of **Peel Exploration Limited** will be held at The VIC, 1st Floor, 226 Hay Street, Subiaco, Perth, Western Australia at 3.00 pm (WST) on Thursday, 27 November 2008.

The Explanatory Statement to this Notice of 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 Meeting.

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

## AGENDA

The Explanatory Statement that accompanies and forms part of this Notice describes the matters to be considered as ordinary business.

### Financial Report

To receive the financial statements of the Company for the year ended 30 June 2008 together with the Directors' Report, the Directors' Declaration and the Auditor's Report.

### Resolution 1 – Adoption of Remuneration Report (Non-binding resolution)

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

*“That, for the purposes of Section 250R(2) of the Corporations Act, the remuneration report for the financial year ended 30 June 2008, be adopted.”*

**Short explanation:** Under Section 250R(2) of the Corporations Act, at the annual general meeting of a listed company a resolution that the remuneration report be adopted must be put to the vote.

### Resolution 2 – Re-election of a Director, Mr Craig McGown

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 13.4 of the Constitution and for all other purposes, Mr Craig McGown, being appointed as a director of the Company during the period since the previous annual general meeting, is hereby re-elected as a director of the Company.”*

**Short Explanation:** Clause 13.4 of the Constitution provides that a director appointed by the directors of the Company to either fill a casual vacancy or as an addition to the existing directors holds office only until the next following annual general meeting and is then eligible for re-election.

### Resolution 3 – Re-election of a Director retiring by rotation, Mr Simon Hadfield

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 13.2 of the Constitution and for all other purposes, Mr Simon Hadfield, being a director who retires by rotation, is hereby re-elected as a director of the Company.”*

**Short explanation:** Clause 13.2 of the Constitution provides that one-third of directors shall retire as directors of the company. A retiring director is eligible for re-election.

### Resolution 4 – Issue of Options to Mr Craig McGown.

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

*"That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the grant of 1,000,000 Director Options to Mr Craig McGown (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**Short Explanation:** Under the ASX Listing Rules, the Company must seek shareholder approval to issue Options in the Company shares to a director of the Company.

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Mr Craig McGown (or his nominee) or any of his associates. However, 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.

#### **Resolution 5 – Adoption of Employee Share Option Plan**

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

*"That, for the purposes of ASX Listing Rule 7.2 (exception 9) and for all other purposes, the Shareholders of the Company hereby approve the "Peel Exploration Limited Employee Share Option Plan" on the terms and conditions set out in the Explanatory Statement."*

**Short Explanation:** Directors of the Company are ineligible to participate in the Peel Exploration Limited Employee Share Option Plan. Under the Constitution of the Company the Directors require the approval of shareholders to implement an Employee Share Option Plan.

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a director of the Company (except one who is ineligible to participate in the Employee Share Option Plan and any of their associates. However, 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.

BY ORDER OF THE BOARD



**Rob Tyson**  
**Executive Director**  
27 October 2008

#### **NOTE:**

In accordance with Regulation 7.11.37 of the Corporations Regulations, the Directors have set a date to determine the identity of those entitled to attend and vote at the Meeting. This date is 3.00 pm (WST) on 25 November 2008.

# EXPLANATORY STATEMENT

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## 1. GENERAL INFORMATION

This Explanatory Statement and all attachments are important documents. They should be read carefully.

If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice, please contact the Company, your stockbroker or other professional adviser.

This Explanatory Statement has been prepared for the shareholders of Peel Exploration Limited (**Company**) in connection with the annual general meeting of the Company to be held at 3.00pm (WST) on Thursday, 27 November 2008 at The VIC, 1<sup>st</sup> Floor, 226 Hay Street, Subiaco, Western Australia.

This 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 Meeting.

### 1.1 Financial Statements and Reports

The first agenda item is to receive the financial statements and reports of the Company for the year ended 30 June 2008, comprising the Financial Statements, Directors' Report, Directors' Declaration and Independent Audit Report. No resolution is required in respect of this agenda item. However, it provides Shareholders with the opportunity to ask questions of the Company's directors and auditors in relation to the Company's results for that financial year.

As a shareholder, you are entitled to submit a written question to the auditor prior to the Annual General Meeting provided that the question relates to:

- the content of the auditor's report; or
- the conduct of the audit in relation to the financial report.

All written questions must be received by the Company no later than five business days before Thursday, 27 November 2008.

All questions must be sent to the Company and may not be sent direct to the auditor. The Company will then forward all questions to the auditor.

The auditor will be attending the Annual General Meeting and will be available to answer questions from Shareholders relevant to:

- the conduct of the audit;
- the preparation and content of the auditor's report;
- the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

The auditor will also answer written questions submitted prior to the Annual General Meeting.

### 1.2 Resolution 1 – Adoption of Remuneration Report

The Remuneration Report is contained in the Directors' Report on pages 18-22 of the Company's 2008 Annual Report. The Annual Report is available on the Company's website at [www.peelex.com.au](http://www.peelex.com.au). The Remuneration Report sets out the broad remuneration policy of the Company and the actual remuneration paid to directors and officers of the Company during the year ended 30 June 2008.

Section 250R(2) of the Corporations Act requires the Company to propose a resolution at each annual general meeting that the remuneration report of the Company be adopted. The vote on this resolution is advisory only and does not bind the Directors.

### 1.3 Resolution 2 – Re-election of a Director – Mr Craig McGown

Clause 13.4 of the Constitution allows the Directors to appoint at any time a person to be a Director as an addition to the existing Directors, but only where 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 annual general meeting and is then eligible for re-election.

Mr Craig McGown was appointed as a Director on 1 February 2008. He is eligible for re-election.

### 1.4 Resolution 3 – Re-election of a Director retiring by rotation – Mr Simon Hadfield

Clause 13.2 of the Constitution requires that if the Company has three or more Directors, one third (or the number nearest one-third) of those Directors must retire at each annual general meeting, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

Mr Simon Hadfield retires by rotation and is eligible for re-election.

### 1.5 Resolution 4 - Issue of Options to Mr Craig McGown

#### 1.5.1 General

The Company has agreed, subject to obtaining Shareholder approval, to grant a total of 1,000,000 options (**Director Options**) to Mr Craig McGown (**Related Party**) on the terms and conditions set out below.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

The grant of the Director Options to the Related Party requires the Company to obtain Shareholder approval because the grant of Director Options constitutes giving a financial benefit and as a Director, Mr Craig McGown is a related party of the Company.

It is the view of the Directors that the exceptions set out in Sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Director Options to the Related Party.

#### 1.5.2 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of Sections 217 to 227 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Director Options:

- (a) the related party is Mr Craig McGown and he is a related party by virtue of being a Director;
- (b) the maximum number of Director Options (being the nature of the financial benefit being provided) to be granted to the Related Party is 1,000,000 exercisable at 30 cents on or before 30 April 2011;

- (c) the Director Options will be granted to the Related Party no later than 1 month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Director Options will be issued on one date;
- (d) the Director Options will be granted for nil cash consideration, accordingly no funds will be raised;
- (e) the terms and conditions of the Director Options are set out in Schedule 1;
- (f) the value of the Director Options and the pricing methodology is set out in Schedule 2;
- (g) the Related Party currently does not hold any relevant interests in securities of the Company;
- (h) the remuneration and emoluments from the Company to the Related Party for both the current financial year and previous financial year are set out below:

Related Party	Current Financial Year	Previous Financial Year
Craig McGown	\$43,600 <sup>1</sup>	\$16,753

<sup>1</sup> This amount is inclusive of superannuation and does not include the value of the Director Options to be granted to Mr McGown pursuant to Resolution 4.

- (i) if the Director Options granted to the Related Party are exercised, a total of 1,000,000 Shares would be allotted and issued. This will increase the number of Shares on issue from 30,026,750 to 31,026,750 (assuming that no other Options are exercised and no other Shares issued) having a total dilutionary effect of 3.2%.

The market price for Shares during the term of the Director Options would normally determine whether or not the Director Options are exercised. If, at any time any of the Director Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Director Options, there may be a perceived cost to the Company;

- (j) the trading history of the Shares on ASX in the 12 months before the date of this Notice of Annual General Meeting is set out below:

	Price	Date
Highest	33 cents	22/10/07
Lowest	12 cents	09/10/08
Last	16 cents	24/10/08

the primary purpose of the grant of Director Options to the Related Party is to provide cost effective consideration to the Related Party for his ongoing commitment and contribution to the Company in his role as a Director. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Director Options upon the terms proposed;

- (k) the Board acknowledges the grant of Director Options to Mr Craig McGown is contrary to Recommendation 8.2 of the ASX Corporate Governance Principles and Recommendations. However, the Board considers the grant of Director Options to Mr McGown reasonable in the circumstances, given the necessity to attract the highest calibre of professionals to the Company, whilst maintaining the Company's cash reserves; and

- (l) Mr McGown declines to make a recommendation to Shareholders in relation to Resolution 4 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 4, recommend that Shareholders vote in favour of Resolution 4. The Board (other than Mr McGown) is 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 Resolution.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Director Options to the Related Party as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Director Options to the Related Party will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

## 1.6 Resolution 5 – Adoption of Employee share option plan

### 1.6.1 Background

ASX Listing Rule 7.1 requires a listed company to obtain shareholder approval prior to the issue of shares, or securities convertible into shares, representing more than 15% of the issued capital of that company in any rolling 12 month period.

An exception to ASX Listing Rule 7.1 is set out in ASX Listing Rule 7.2 (Exception 9) which provides that issues under an employee incentive plan are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the plan as an exception to ASX Listing Rule 7.1.

Resolution 5 seeks Shareholder approval for the adoption of the "Peel Exploration Share Option Plan" (**Plan**) to allow the issue of options under the Plan as an exception to ASX Listing Rule 7.1 in accordance with ASX Listing Rule 7.2 (Exception 9).

The purpose of the Plan is to provide employees with an opportunity to acquire a financial interest in the Company, which will provide additional incentives for employees to increase profitability and returns to Shareholders.

Shareholders should note that as the Plan has been recently established, no securities have previously been issued pursuant to it.

The detailed terms and conditions of the Plan may be obtained free of charge by contacting the Company. A summary of the terms and conditions of the Plan is set out below.

### 1.6.2 Terms of Plan

#### Introduction

The purpose of the Plan is to encourage participation in the Company by employees of the Company through Share ownership, and to attract, motivate and retain high quality employees.

All full time and part time employees of the Company and its associated bodies corporate, other than Directors, are eligible to participate in the Plan (**Eligible Participants**).

#### Offer of Options

The Directors, at their discretion, may determine a number of options to be offered to an Eligible Participant under the Plan (**Plan Options**). In determining the number of Plan Options to be offered to Eligible Participants, the Directors will take into account the skills, experience, length of service with the Company and remuneration level of the Eligible Participant. The Directors may also impose conditions which must be satisfied by the Eligible Participant before the Plan Options may be exercised (**Exercise Conditions**).

An Eligible Employee may nominate an associate to accept the offer of Plan Options.

Plan Options will be issued for no consideration.

### **Limit on Offers**

The Company must not make an offer of Plan Options if the number of Shares to be issued under the Plan upon the exercise of those Plan Options, together with the Shares which have been or may be issued upon the exercise of all Plan Options issued in the preceding 5 years, would exceed 5% of the Company's total number of Shares then on issue.

### **Exercise Price**

The Directors may determine the exercise price of the Plan Options in respect of any proposed offer (**Exercise Price**). However, the Exercise Price in respect of an offer must not be less than any minimum exercise price specified in the ASX Listing Rules.

### **Exercise of Options**

A participant will be entitled to exercise the Plan Options when all of the Exercise Conditions have been satisfied, at any time up until two years after the date on which the Plan Options were granted (**Lapsing Date**).

### **Lapse of Options**

A participant's Plan Options will lapse immediately if:

- (a) the relevant Eligible Participant ceases to be an employee of the Company or an associated body corporate and the Exercise Conditions have not been met;
- (b) the Exercise Conditions are unable to be met;
- (c) the Lapsing Date has passed; or
- (d) the relevant Eligible Participant ceases to be an employee of the Company or an associated body corporate, the Exercise Conditions have been met and the participant does not exercise the Plan Options within 60 days after the Eligible Participant ceased employment.

### **Issue of Shares**

Within 10 business days of the participant delivering to the Company a notice of exercise of the Plan Options together with payment of the Exercise Price, the Company will issue to the participant the number of Shares in respect of which the Plan Options are exercised.

The Shares issued upon the exercise of the Plan Options will be fully paid shares in the capital of the Company and will rank equally with the Shares already on issue at the date of exercise of the Plan Options. The Company will apply to ASX to have the Shares quoted on ASX in accordance with the ASX Listing Rules.

### **New Issues of Shares**

Holders of Plan Options will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Plan 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 Plan Option holders the opportunity to exercise their Options prior to the date for determining entitlements.

If the Company makes a pro rata issue of securities to Shareholders, the Exercise Price will be adjusted in accordance with the Listing Rules.

If the Company makes a bonus issue of Shares to Shareholders, the number of Shares issued upon the exercise of each Plan Option will include the number of bonus Shares that would have been issued if the Plan Option had been exercised prior to the record date for the bonus issue.

### **Powers of the Board of Directors**

The Plan is administered by the Directors of the Company, who have the power to:

- (a) determine procedures for the administration of the Plan;
- (b) amend or waive the terms and conditions of the Plan; and
- (c) suspend or terminate the Plan,

provided that the rights or entitlements in respect of any Plan Option granted before the date of any amendment shall not be adversely affected without the prior written consent of the affected Plan Option holders.

The rights of an Option holder will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

## 2. ENQUIRIES

Shareholders should contact Mr David Hocking (Company Secretary) on 08 9382 3955 if they have any questions in respect of the matters set out in these documents.

## GLOSSARY

**ASX** means ASX Limited.

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

**Board** means the board of directors of the Company.

**Company and Peel** means Peel Exploration Limited (ABN 42 119 343 734).

**Constitution** means the Company's constitution.

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

**Directors** means the current directors of the company.

**Director Option** means an option to acquire a Share with the terms and conditions set out in Schedule 1.

**Explanatory Statement** means the explanatory statement to the Memorandum.

**Meeting or Annual General Meeting** means the meeting convened by the Notice.

**Memorandum** means this information memorandum.

**Notice** means the notice of meeting accompanying this memorandum.

**Plan Options** means the options proposed to be issued pursuant to the "Peel Exploration Limited Share Options Plan".

**Resolution** means a resolution contained in this Notice.

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

**Shareholder** means a holder of Shares.

## SCHEDULE 1 – TERMS AND CONDITIONS OF DIRECTOR OPTIONS

The Director Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Director Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each Director Option, the Optionholder must exercise the Director Options in accordance with the terms and conditions of the Director Options.
  - (b) The Director Options will expire at 5:00 pm (WST) on 30 April 2011 (**Expiry Date**). Any Director Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
  - (c) The amount payable upon exercise of each Director Option will be \$0.30 (**Exercise Price**).
  - (d) The Director Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
  - (e) An Optionholder may exercise their Director Options by lodging with the Company, before the Expiry Date:
    - (i) a written notice of exercise of Director Options specifying the number of Director Options being exercised; and
    - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Director Options being exercised;
- (Exercise Notice).**
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
  - (g) 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 Director Options specified in the Exercise Notice.
  - (h) The Director Options are not transferable.
  - (i) All Shares allotted upon the exercise of Director Options will upon allotment rank pari passu in all respects with other Shares.
  - (j) The Company will not apply for quotation of the Director Options on ASX. However, The Company will apply for quotation of all Shares allotted pursuant to the exercise of Director Options on ASX within 10 Business Days after the date of allotment of those Shares.
  - (k) 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.
  - (l) There are no participating rights or entitlements inherent in the Director Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Director Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Director Options prior to the date for determining entitlements to participate in any such issue.
  - (m) A Director Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Director Option can be exercised.

## SCHEDULE 2 – VALUATION OF DIRECTOR OPTIONS

The Director Options to be issued to the Related Party pursuant to Resolution 4 have been valued by internal management.

Using the theoretical Black & Scholes option model and based on the assumptions set out below, the Director Options were ascribed a value range, as follows:

<b>Assumptions:</b>			
Valuation date	20/10/2008		
Market price of Shares	16 cents		
Exercise price	30 cents		
Expiry date	30/04/2011		
Risk free interest rate	6.97%		
Volatility	50%	75%	100%
<b>Indicative value per Director Option</b>	2.71 cents	5.23 cents	7.59 cents
<b>Total Value of Director Options</b>	\$27,099	\$52,290	\$75,922

Note: The valuation ranges noted above are not necessarily the market prices that the Director Options could be traded at and they are not automatically the market prices for taxation purposes.

# PROXY FORM

The Company Secretary  
Peel Exploration Limited

Registered Office Address: Level 1, 79 Hay Street OR PO Box 1533  
SUBIACO WA 6008 SUBIACO WA 6904  
Facsimile: 08 9388 1025

I/We, (print name of shareholder) .....  
of (address) .....  
being a member/members of Peel Exploration Limited HEREBY APPOINT:  
(name) .....  
of (address) .....  
and/or failing them (name) .....  
of (address) .....

or failing that person then the Chairman of the General Meeting as my/our proxy to vote for me/us and on my/our behalf at the General Meeting of the Company to be held at 3.00 pm on Thursday 27 November 2008 at The VIC, 1<sup>st</sup> Floor, 226 Hay Street, Subiaco, Perth, Western Australia and at any adjournment of the meeting.

If no directions are given, the Chair will vote in favour of all the Resolutions.

If the Chair of the Annual General Meeting is appointed as your proxy, or may be appointed by default, and you do **not** wish to direct your proxy how to vote as your proxy in respect of **Resolutions 1 to 5** please place a mark in this box.

By marking this box, you acknowledge that the Chair of the Annual General Meeting may exercise your proxy even if he has an interest in the outcome of Resolutions 1 to 5 and that votes cast by the Chair of the Annual General Meeting for Resolutions 1 to 5 other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on Resolutions 1 to 5 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 1 to 5.

**OR**

Should you so desire to direct the Proxy how to vote, you should place a cross in the appropriate box(es) below:

	For	Against	Abstain
Resolution 1 – Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Re-election of Mr Craig McGown	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Re-election of Mr Simon Hadfield	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Issue of Options to Mr Craig McGown	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Adoption of Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

Signature of Member(s): \_\_\_\_\_

Date: \_\_\_\_\_

Individual or Member 1	Member 2	Member 3
Sole Director/Company Secretary	Director	Director/Company Secretary

Contact Name: \_\_\_\_\_ Contact Ph (daytime): \_\_\_\_\_

# Instructions for Appointment of Proxy

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A shareholder entitled to attend and vote is entitled to appoint no more than two proxies to attend and vote at the annual general meeting as the shareholder's proxy. A proxy need not be a shareholder of the Company.

1. Where more than one proxy is appointed, each proxy must be appointed to represent a specific proportion of the shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the shareholder's voting rights. Fractions shall be disregarded.
2. The proxy form must be signed personally by the shareholder or his attorney, duly authorised in writing. If a proxy is given by a corporation, the proxy must be executed under either the common seal of the corporation or under the hand of an officer of the company or its duly authorised attorney. In the case of joint shareholders, this proxy must be signed by at least one of the joint shareholders, personally or by a duly authorised attorney.
3. If a proxy is executed by an attorney of a shareholder, then the original of the relevant power of attorney or a certified copy of the relevant power of attorney, if it has not already been noted by the Company, must accompany the proxy form.
4. To be effective, forms to appoint proxies must be received by the Company no later than 48 hours before the time appointed for the holding of the annual general meeting, by post or facsimile to the respective addresses stipulated in this proxy form.
5. If the proxy form specifies a way in which the proxy is to vote on any of the resolutions stated above, then the following applies:
  - (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way; and
  - (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
  - (c) if the proxy is the Chairperson, the proxy must vote on a poll and must vote that way; and
  - (d) if the proxy is not the Chairperson, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.
6. If a proxy is also a shareholder, the proxy can cast any votes the proxy holds as a shareholder in any way that the proxy sees fit.
7. 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 to vote as the proxy decides 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.
8. To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to the Company at Level 1, 79 Hay Street, Subiaco, Western Australia 6008; or
  - (b) facsimile to the Company on facsimile number (+61 8) 9388 1025,

so that it is received not later than 3.00pm (WST) on Tuesday, 25 November 2008.