

# Peel Exploration Limited

ACN 119 343 734

## Notice of General Meeting

**Time:** 11.30 am (WST)

**Date:** Thursday, 24 April 2008

**Place:** The VIC, 226 Hay Street, Subiaco 6008

### Contents

Notice of General Meeting (setting out the proposed resolutions)	2
Explanatory Statement	3
Glossary	7
Schedule 1 – Terms of Directors Options	8
Schedule 2 – Valuation of Director Options	9
Proxy Form	10

*This Notice of 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 Meeting please do not hesitate to contact the Company Secretary on (+61 8 9382 3955).*

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

### **Venue**

The General Meeting of the Shareholders to which this Notice of Meeting relates will be held at:

**The VIC  
1st floor, 226 Hay Street  
Subiaco WA 6008**

**Commencing 11.30am (wst) Thursday, 24 April 2008**

### **Your vote is important**

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

### **Voting in person**

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

### **Voting by Proxy**

To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- (a) post to Peel Exploration Limited, 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 11.30am(WST) on 22 April 2008.

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

## Notice of General Meeting

Notice is given that the General Meeting of Shareholders will be held at 11.30am(WST) on Thursday, 24 April 2008 at The VIC, first floor, 226 Hay Street, Subiaco WA 6008.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of 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 General Meeting are those who are registered Shareholders of the Company at 11.30am(WST) on 22 April 2008.

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

### Agenda

#### Resolution 1 – Re-election of Director

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

*"That, for the purpose of clause 13.4 of the Constitution and for all other purposes, Mr Craig McGown, a Director who was appointed on 1 February 2008, retires, and being eligible, is re-elected as a Director."*

#### Resolution 2 – Issue of Director Options – Non-executive Director

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 Company to allot and issue 2,500,000 Director Options to Mr Craig McGown (and/or his nominee) on the terms and conditions set out in the Explanatory Statement."*

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

#### Resolution 3 – Adoption of Employee Option Scheme

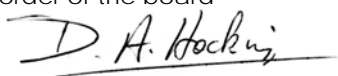
To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of Listing Rule 7.2 (Exception 9) of the Listing Rules of ASX Limited and for all other purposes, the Company is authorised to adopt and implement the "Peel Exploration Limited Option Scheme" (**Scheme**) on the terms and conditions of the Scheme, a summary of which is set out in the Explanatory Statement."*

**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.

Dated: 20 March 2008

By order of the board



David Hocking  
Company Secretary  
Peel Exploration Limited

#### 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 General Meeting to be held at The VIC, 1st floor, 226 Hay Street, Subiaco WA 6008 at 11.30am(WST) on Thursday 24 April 2008.

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. Resolution 1 – Re-election of Director

#### 1.1 General

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 general meeting and is then eligible for re-election.

Mr Craig McGown will retire in accordance with clause 13.4 of the Constitution and being eligible seeks re-election.

### 2. Resolution 2 – Issue of Director Options

#### 2.1 Background

The Company has agreed, subject to obtaining Shareholder approval, to allot and issue a total of 2,500,000 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 Mr McGown requires the Company to obtain Shareholder approval because the grant of Director Options constitutes giving a financial benefit and as a Director, Mr 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 Mr McGown.

#### 2.2 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 Mr McGown is 2,500,000;

- (c) the Director Options will be granted to Mr McGown no later than 1 month after the date of the 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 relevant interests of Mr McGown in securities of the Company are set out below;

Related Party	Shares	Options
Mr Craig McGown	Nil	Nil

- (h) the remuneration and emoluments from the Company to Mr McGown for both the current financial year and previous financial year are set out below:

Related Party	Current Financial Year	Previous Financial Year
Mr Craig McGown	\$14,583	Nil

- (i) if the Director Options granted to Mr McGown are exercised, a total of 2,500,000 Shares would be allotted and issued. This will increase the number of Shares on issue from 30,026,750 to 32,526,750 (assuming that no other Options are exercised and no other Shares issued) with the effect that the shareholding of existing Shareholders would be diluted by 8.33%.

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 General Meeting is set out below:

	Price	Date
Highest	48 cents	2 August 2007
Lowest	15 cents	22 February 2008
Last	18 cents	19 March 2008

- (k) the primary purpose of the grant of Director Options to Mr McGown is to provide cost effective consideration to him 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;
- (l) Craig McGown declines to make a recommendation to Shareholders in relation to Resolution 2 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 2, recommend that Shareholders vote in favour of Resolution 2. The Board (other than Craig 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 Mr

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

### **3. Resolution 3 – Adoption of Employee Option Plan**

#### **3.1 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 3 seeks Shareholder approval for the adoption of the "Peel Exploration 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.

#### **3.2 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 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.

**4. ENQUIRIES**

Shareholders are required to contact Mr David Hocking on (+ 61 8) 9382 3955 if they have any queries in respect of the matters set out in these documents.

## Glossary

**\$** means Australian dollars.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited.

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

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

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Company** means Peel Exploration Limited (ACN 119 343 734).

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

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

**Director Option** means an Option granted pursuant to Resolution 2 with the terms and conditions set out in Schedule 1.

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

**Explanatory Statement** means the explanatory statement accompanying the Notice of Meeting.

**General Meeting** means the meeting convened by the Notice of Meeting.

**Notice of Meeting** or **Notice of General Meeting** means this notice of general meeting including the Explanatory Statement.

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

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

**Shareholder** means a holder of a Share.

**WST** means Western Standard Time as observed in Perth, Western Australia.

## 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) The Options shall expire at 5.00pm WST on 30 November 2010 (“the Expiry Date”) and may be transferred at any time prior to the Expiry Date;
- b) The Options may be exercised at any time following the date of the granting up to and including the Expiry Date and shall be exercisable wholly or in part by executing and forwarding to the Company the form attached to the Option Certificate and payment of the exercise price of 30 cents for each Option;
- c) Shares issued pursuant to the exercise of the Options will rank equally with the then issued Shares of the Company. Application will be made for official quotation of these Shares on the ASX;
- d) There are no participating rights or entitlements inherent in the Options to participate in new issues of capital which may be offered to shareholders during the currency of the Options;
- e) Option holders will be permitted to participate in new issues of securities on the prior exercise of the Option, however, Option Holders will be notified of any new issues in accordance with the requirements of the ASX Listing Rules;
- f) In the event of any reconstruction (including consolidation, sub division, reduction or return) of the issued capital of the Company, the number of Options or the exercise price of the Options or both shall be reconstructed in a manner consistent with the ASX Listing Rules;
- g) Shares allotted and issued pursuant to the exercise of the options will be allotted and issued not more than 15 days after the receipt of a properly executed form referred to in (i) below and receipt of the application of monies of 20 cents per Option;
- h) A certificate will be issued for the Options. On the reverse side of the certificate will be a form that must be executed and forwarded to the Company when exercising the Options. If there is more than one Option on a certificate and prior to the Expiry Date, those Options are exercised in part, the Company will issue another certificate for the balance of the Options held and not yet exercised;

## Schedule 2 – Valuation of Director Options

The Director Options to be issued to Mr Craig McGown pursuant to Resolution 2 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	29 <sup>th</sup> February 2008		
Market price of Shares	15 cents		
Exercise price	30 cents		
Expiry date	30 <sup>th</sup> November 2010		
Risk free interest rate	6.71%		
Volatility	50%	75%	100%
<b>Indicative value per Director Option</b>	2.5 cents	5 cents	7.3 cents
<b>Total Value of Director Options</b>	\$63,250	\$125,000	\$182,500

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

**Appointment of Proxy  
Peel Exploration Limited  
ACN 119 343 734**

### General Meeting

I/We, (print name of shareholder) \_\_\_\_\_  
Of (address) \_\_\_\_\_

being a member of Peel Exploration Limited entitled to attend and vote at the General Meeting, hereby Appoint:

Name of proxy \_\_\_\_\_

Of (address) \_\_\_\_\_

And/or failing them (name) \_\_\_\_\_

Of (address) \_\_\_\_\_

Or  mark this box if you wish to appoint the Chair of the General Meeting as your proxy

or failing the person so named or, if no person is named, the Chairman of the General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the General Meeting to be held at 11.30am(WST), on Thursday 24 April 2008 at The VIC, 1<sup>st</sup> floor, 226 Hay Street, Subiaco WA 6008, and at any adjournment thereof.

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

#### Voting on Business of the General Meeting

	For	Against	Abstain
Resolution 1 – Re-election of Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Issue of Director Options –Non-Executive Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Adoption of Incentive Option Scheme	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Or  if the Chair of the 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 3 please place a mark in this box.

By marking this box, you acknowledge that the Chair of the General Meeting may exercise your proxy even if he has an interest in the outcome of Resolutions 1 to 3 and that votes cast by the Chair of the General Meeting for Resolutions 1 to 3 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 3 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 1 to 3.

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.

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

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2008

**By:**

#### Individuals and joint holders

Signature

Signature

Signature

#### Companies (affix common seal if appropriate)

Director

Director/Company Secretary

Sole Director and Sole Company Secretary

**Peel Exploration Limited**  
**ACN 119 343 734**

**Instructions for Completing 'Appointment of Proxy' Form**

1. A member entitled to attend and vote at a General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. Where a member's holding is in one name the holder must sign. Where the holding is in more than one name, all members should sign.
3. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under a power of attorney, the power of attorney must be lodged in like manner as this Proxy Form.
4. Corporate members 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:
  - 2 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.

5. Completion of a Proxy Form will not prevent individual members from attending the General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the General Meeting.
6. To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to Peel Exploration Limited, Level 1, 79 Hay Street, Subiaco, Western Australia; or
  - (a) facsimile to the Company on facsimile number +61 8 9388 1025,so that it is received not later than 11.30am (WST) on 22 April 2008.

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