

Lefroy Resources Limited

LEFROY RESOURCES LIMITED

ACN 107 118 678

NOTICE OF ANNUAL GENERAL MEETING

TIME: 9.00 am (WDST)

DATE: 24 November 2008

PLACE: The Celtic Club
48 Ord Street
WEST PERTH WA 6005

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 (08) 9382 8711.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates to will be held at 9.00 am (WDST) on Monday 24 November 2008 at:

The Celtic Club
48 Ord Street
WEST PERTH WA 6005

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 and:

- (a) deliver it in person to the Company, Suite 1, 64 Thomas Street, West Perth, WA 6005;
- (b) post to the Company, PO Box 781, West Perth, WA 6872; or
- (c) fax to the Company on facsimile number (+61 8) 9382 8722,

so that it is received not later than 9.00 am (WDST) on Saturday, 22 November 2008.

Proxy forms received later than this time will be invalid.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Lefroy Resources Limited will be held at The Celtic Club, 48 Ord Street, West Perth at 9.00 am (WDST) on 24 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.

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 9:00 am (WDST) on 22 November 2008.

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

AGENDA

ORDINARY BUSINESS

Financial Statements and Reports

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2008 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

"That, for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the remuneration report as contained in the Company's Annual Report for the financial year ended 30 June 2008."

2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR - MR THOMAS KELLY

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 79(1) of the Constitution and for all other purposes, Mr Thomas Kelly, a Director who retires by rotation, and being eligible, is re-elected as a Director."

3. RESOLUTION 3 – ISSUE OF OPTIONS – MR CARL SWENSSON

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 1,500,000 Options to Mr Carl Swensson (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 Carl Swensson (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.

4. RESOLUTION 4 – ISSUE OF OPTIONS - MR THOMAS KELLY

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

“That, subject to the passing of Resolution 2, 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 1,500,000 Options to Mr Thomas Kelly (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 Thomas Kelly (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.

5. RESOLUTION 5 – ISSUE OF OPTIONS – MR CRAIG BROMLEY

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 500,000 Options to Mr Craig Bromley (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 Bromley (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.

6. RESOLUTION 6 – ISSUE OF OPTIONS - MR MALCOLM JAMES

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 250,000 Options to Mr Malcolm James (or his nominee) a Director of the Company, 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 Malcolm James (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.

7. RESOLUTION 7 – REMUNERATION OF NON-EXECUTIVE DIRECTORS

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 82(1)(a) of the Constitution, ASX Listing Rule 10.17 and for all other purposes, Shareholders approve the maximum total aggregate fixed sum per annum to be paid to Directors be set at \$300,000 to be paid in accordance with the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a Director or 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.

DATED: 23 OCTOBER 2008

BY ORDER OF THE BOARD



**JADE STYANTS
COMPANY SECRETARY
LEFROY RESOURCES LIMITED**

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 Celtic Club, 48 Ord Street, West Perth, Western Australia on 24 November 2008 at 9.00 am (WDST).

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. FINANCIAL STATEMENTS AND REPORTS

The Financial Statements and the related Directors' Report, Directors' Declarations and Independent Auditor's Report for the year ended 30 June 2008 will be laid before the meeting in accordance with the Corporations Act. Members will be given the opportunity to ask questions of the Board of Directors and the Auditors in relation to the Annual Report for the year ended 30 June 2008, at the Annual General Meeting.

In accordance with amendments to the Corporate Act the Company is no longer required to provide a hard copy of the Company's Annual Report to Shareholders unless a Shareholder has specifically elected to receive a printed copy. These amendments may result in reducing the Company's printing costs.

Whilst the Company will not provide a hard copy of the Company's Annual Report unless specifically requested to do so, Shareholders may view the Company Annual Report for the year ended 30 June 2008, on its website at www.lefroyresources.com.au.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The remuneration report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2008.

A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR - MR THOMAS KELLY

Clause 79(1) of the Company's Constitution requires that at each Annual General Meeting one-third of the Directors must retire from office.

In accordance with the Constitution, Mr Kelly retires from office and offers himself for re-election as a Director.

A profile of Mr Kelly is contained in the Company's Annual Report for the year ended 30 June 2008.

4. RESOLUTION 3, 4, 5 AND 6 – ISSUE OF OPTIONS

4.1 Background

The Company has agreed, subject to obtaining Shareholder approval, to allot and issue a total of 3,750,000 Options (**Options**) to Mr Carl Swensson, Mr Thomas Kelly (subject to the passing of Resolution 2), Mr Craig Bromley and Mr Malcolm James (**Related Parties**) 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 Options to the Related Parties requires the Company to obtain Shareholder approval because the grant of Options constitutes giving a financial benefit and as Directors, Mr Carl Swensson, Mr Thomas Kelly, Mr Craig Bromley and Mr Malcolm James are related parties 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 Options to the Related Parties.

4.2 Shareholder Approval (Chapter 2E of the Corporations Act and ASX 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 Options:

- (a) the related parties are Mr Carl Swensson, Mr Thomas Kelly, Mr Craig Bromley and Mr Malcolm James and they are related parties by virtue of being Directors;
- (b) the maximum number of Options (being the nature of the financial benefit being provided) to be granted to the Related Parties is:
 - (i) 1,500,000 Options to Mr Carl Swensson;
 - (ii) 1,500,000 Options to Mr Thomas Kelly;
 - (iii) 500,000 Options to Mr Craig Bromley; and
 - (iv) 250,000 Options to Mr Malcolm James;
- (c) the Options will be granted to the Related Parties 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 Options will be issued on one date;

- (d) the Options will be granted for nil cash consideration, accordingly no funds will be raised;
- (e) the terms and conditions of the Options are set out in Schedule 1;
- (f) the value of the Options and the pricing methodology is set out in Schedule 2;
- (g) the relevant interests of the Related Parties in securities of the Company are set out below;

Related Party	Shares	Options
Mr Carl Swensson	186,858	1,200,000 ¹
Mr Thomas Kelly	6,154,497	2,730,738 ²
Mr Craig Bromley	5,100,000	3,200,000 ³
Mr Malcolm James	659,280	954,640 ⁴

¹ 1,200,000 options exercisable at \$0.25 each on or before 30 June 2009.

² 1,200,000 options exercisable at \$0.25 each on or before 30 June 2010 and 1,530,738 options exercisable at \$0.25 on or before 30 June 2009.

³ 1,200,000 options exercisable at \$0.25 each on or before 30 June 2010 and 2,000,000 options exercisable at \$0.25 on or before 30 June 2009.

⁴ 250,000 options exercisable at \$0.25 each on or before 30 June 2010, 500,000 options exercisable at \$0.25 each on or before 28 November 2009 and 204,640 options exercisable at \$0.25 on or before 30 June 2009.

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

Related Party	Current Financial Year¹	Previous Financial Year
Mr Carl Swensson	\$56,610	\$83,694
Mr Thomas Kelly	\$27,810	\$76,241
Mr Craig Bromley	\$9,810	\$52,241
Mr Malcolm James	\$9,810	\$51,129

¹ Salary and fees only. Not inclusive of Options to be granted pursuant to Resolutions 3 to 6.

- (i) if the Options granted to the Related Parties are exercised, a total of 3,750,000 Shares would be allotted and issued. This will increase the number of Shares on issue from 69,198,501 to 72,948,501 (assuming that no other Options are exercised and no other Shares issued) with the effect that the shareholding of existing Shareholders would be diluted as follows:

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Related Party	Issued Shares as at the date of this Notice of Meeting	Options to be issued	Issued Shares upon exercise of all Options	Dilutionary effect upon exercise of Options
Mr Carl Swensson	69,198,501	1,500,000	70,698,501	2.12%
Mr Thomas Kelly	69,198,501	1,500,000	70,698,501	2.12%
Mr Craig Bromley	69,198,501	500,000	69,698,501	0.72%
Mr Malcolm James	69,198,501	250,000	69,448,501	0.36%
TOTAL	69,198,501	3,750,000	72,948,501	5.32%

The market price for Shares during the term of the Options would normally determine whether or not the Options are exercised. If, at any time any of the Options are exercised and 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;

- (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	20 cents	18 October 2007
Lowest	6 cents	9 October 2008
Last	6 cents	22 October 2008

- (k) the primary purpose of the Options is to provide incentive to the Related Parties to drive the Company's assets forward and also as a reward for their ongoing commitment and efforts during the year. The Board has determined that the number of Options is reasonable taking into account the Directors' fees payable to the Related Parties. Further, the Board considers that the total value of the package to the Related Parties, including the Options, is in line with the corporate remuneration of non-executive directors of similar companies.
- (l) the Board acknowledges the grant of Options to the Related Parties is contrary to Recommendation 8.2 of the ASX Corporate Governance Principles and Recommendations. However, the Board considers the grant of Options to the Related Parties reasonable in the circumstances, given the necessity to attract the highest calibre of professionals to the Company, whilst maintaining the Company's cash reserves;
- (m) Mr Carl Swensson declines to make a recommendation to Shareholders in relation to Resolution 3 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 3, recommend that Shareholders vote in favour of Resolution 3. The Board (other than Mr Carl Swensson) 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;
- (n) Mr Thomas Kelly 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 Thomas Kelly) 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;

- (o) Mr Craig Bromley declines to make a recommendation to Shareholders in relation to Resolution 5 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 5, recommend that Shareholders vote in favour of Resolution 5. The Board (other than Mr Craig Bromley) 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; and
- (p) Mr Malcolm James declines to make a recommendation to Shareholders in relation to Resolution 6 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 6, recommend that Shareholders vote in favour of Resolution 6. The Board (other than Mr Malcolm James) 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 Options to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Options to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

5. RESOLUTION 7 – REMUNERATION OF NON-EXECUTIVE DIRECTORS

Listing Rule 10.17 provides that an entity must not increase the total amount of Directors' fees payable without the approval of holders of its ordinary securities. The rule does not apply to the salary of an executive Director. This requirement is also reflected in clause 82(1)(a) of the Constitution.

The maximum aggregate remuneration that may be paid to the Company's non-executive Directors for their services as Directors is currently set at \$150,000 per annum. Resolution 7 seeks Shareholders approval to increase the maximum aggregate remuneration by \$150,000 from \$150,000 to \$300,000 per annum.

The total aggregate fixed sum per annum has been determined after reviewing similar companies listed on ASX and the Directors believe that this level of remuneration is in line with corporate remuneration of similar companies.

6. ENQUIRIES

Shareholders are required to contact the Company Secretary on (+ 61 8) 9382 8711 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

\$ means Australian dollars.

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

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 and **Lefroy** means Lefroy Resources Limited (ACN 107 118 678).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

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

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

Option means an option to acquire a Share with the terms and conditions set out in Schedule 1 and Schedule 2.

Optionholder means a holder of an Option.

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.

WDST means Western Daylight Saving Time as observed in Perth, Western Australia.

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

SCHEDULE 1 – TERMS AND CONDITIONS OF OPTIONS

The Options issued under Resolutions 3, 4, 5, and 6 entitle the holder to subscribe for ordinary fully paid shares in the capital of the Company on the following terms and conditions:

- (a) The Options will expire at 5:00 pm (WST) on 31 October 2011 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (b) Each Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each Option, the Optionholder must exercise the Options in accordance with the terms and conditions of the Options.
- (c) The exercise price payable upon exercise of each Option is \$0.10 (**Exercise Price**).
- (d) All or part of the Options may be exercised at any time prior to the Expiry Date.
- (e) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
- (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of 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 Options specified in the Exercise Notice.
- (h) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (i) The Company will not apply for quotation of the Options on ASX.
- (j) The Company will apply for quotation by ASX of all Shares allotted pursuant to the exercise of Options within 10 Business Days after the date of allotment of those Shares.
- (k) In the event of any reorganisation (including consolidation, sub-division, reduction or return) of the issued capital of the Company before the expiry of any Options, the number of Options to which an Optionholder is entitled or the Exercise Price of the Options or both will be reconstructed (as appropriate) in accordance with the ASX Listing Rules.
- (l) A Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.
- (m) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of the proposed issue notice of the new issue will be given to Optionholders at least seven (7) Business Days before the record date. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

SCHEDULE 2 – VALUATION OF OPTIONS

The assessment has been undertaken using the Black-Scholes Option Pricing Model (**B&S Model**) which is the most widely used and recognised model for pricing options. The acceptance of this model is due to its derivation being grounded in economic theory. The value of an option calculated by the B&S Model is a function of a number of variables. Based on the assumptions set out below, the Options were ascribed a value range, as follows:

	Options
Number of Options	3,750,000
Exercise Price	\$0.10
Expiry date	31 October 2011
Indicative value per Option (cents)	0.014
Value of Options: Carl Swensson	\$20,938
Value of Options: Thomas Kelly	\$20,938
Value of Options: Craig Bromley	\$6,979
Value of Options: Malcolm James	\$3,490
Total Value of Options	\$52,345
Assumptions:	
Valuation date	17 October 2008
Share price (1)	6 cents
Volatility	65%
Risk free interest rate (2)	4.75%
Marketability Discount (3)	40%

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

- (1) Market Price of the Company's Shares at close on the Valuation date.
- (2) The risk free interest rate adopted is the Australian Commonwealth Government Bond rate for a three year period as at the Option valuation date.
- (3) The Black Scholes Model assumes that the Option being valued can be sold on a secondary market. Given that the Options will not be quoted on the ASX and various vesting conditions apply, there remains a lack of marketability. Therefore the Company has determined that with the lack of marketability a discount of 40% of the theoretical valuation of the Options be applied.

PROXY FORM

**APPOINTMENT OF PROXY
LEFROY RESOURCES LIMITED
ACN 107 118 678**

ANNUAL GENERAL MEETING

I/We

of

being a member of Lefroy Resources Limited entitled to attend and vote at the Annual General Meeting, hereby

Appoint

Name of proxy

OR

the Chair of the Annual General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the Annual 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 Annual General Meeting to be held at 9:00 am (WDST), on Monday 24 November 2008 at The Celtic Club, 48 Ord Street, West Perth, WA, 6005, and at any adjournment thereof.

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 7** 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 7 and that votes cast by the Chair of the Annual General Meeting for Resolutions 1 to 7 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 7 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 1 to 7.

OR

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 Director – Mr Thomas Kelly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Issue of Options – Mr Carl Swensson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Issue of Options – Mr Thomas Kelly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Issue of Options – Mr Craig Bromley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – Issue of Options – Mr Malcolm James	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 – Remuneration of Non-Executive Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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):** _____

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Instructions for Completing 'Appointment of Proxy' Form

1. **(Appointing a Proxy):** A member entitled to attend and vote at an Annual 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. **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
- **(Individual):** Where the holding is in one name, the member must sign.
 - **(Joint Holding):** Where the holding is in more than one name, all of the members must sign.
 - **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual 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 Annual General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
- (a) person to the Company, Suite 1, 64 Thomas Street, West Perth, WA, 6005;
 - (b) post to the Company, PO Box 781, West Perth, WA, 6872; or
 - (c) facsimile to the Company on facsimile number +61 8 9382 8722,

so that it is received not later than 9.00 am (WDST) on 22 November 2008.

Proxy forms received later than this time will be invalid.