

ANNUAL GENERAL MEETING

Friday, 28 November 2003 at 10:00am

Dear Shareholder,

On behalf of the Board of Kimberley Oil NL (**KBO**), it gives me pleasure to invite you to the Annual General Meeting (**AGM**) of shareholders.

The AGM is to be held at the offices of Hall Chadwick, Level 29, St Martins Tower, 31 Market Street, Sydney NSW 2000.

Please find enclosed the following documents in relation to the AGM.

- (a) Notice of AGM together with Explanatory Memorandum.
- (b) Proxy Form for AGM together with instructions.
- (c) Appointment of Corporate Representative for AGM.

If you are not able to attend the AGM in person, you are urged to complete and lodge the enclosed Appointment of Proxy or Appointment of Corporate Representative (if a company).

Your Directors hope that you will be able to attend the Meeting and commend the resolutions for your support.

Yours sincerely

Anthony J McClure
Director

Dated at Perth this 23rd day of October 2003

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of members of Kimberley Oil NL ACN 075 760 655 ("Company") will be held at The offices of Hall Chadwick, Level 29, St Martins Tower, 31 Market Street, Sydney NSW 2000 on Friday 28 November 2003 at 10:00 am for the purpose of transacting the following business.

The Explanatory Statement and the Proxy Form accompanying this Notice are incorporated in and comprise part of this Notice.

BUSINESS

Item 1 - Annual Report

To receive the Financial Statements of the Company for the period ended 30 June 2003 together with the Directors' Report and Declaration in relation to that period and the Independent Audit Report on those Financial Statements. During the consideration of this item shareholders are invited to ask questions or make comments on the:

- Financial Statements for the year ending 30 June 2003;
- Directors' Report and Declaration in relation to that period; and
- The Independent Auditor's Report on those Financial Statements.

Item 2 - Resolution 1 – Election of Director – Alan John FLAVELLE

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

"That Mr. Alan John FLAVELLE be re-elected a Director of the Company."

Item 3 - Resolution 2 – Election of Director – Terence Vincent WILLSTEED

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

" That Mr. Terence Vincent WILLSTEED be elected a Director of the Company."

Item 4 - Resolution 3 – Ratification of October 2003 Share Placement

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

"That, in accordance with Listing Rule 7.4 of the Listing Rules of Australian Stock Exchange Limited, the members ratify the issue of 12,000,000 ordinary fully paid shares in the Company at a price of 5 cents each on 8th October 2003."

Item 5 - Resolution 4 – Approval of Employee Share Option Plan (“Incentive Plan”)

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

"That for the purposes of listing rule 7.2 of the Australian Stock Exchange, the Company renew and approve the terms of the Kimberley Oil NL Employee Share Option Plan (“Incentive Plan”) as amended."

Item 6 - Resolution 5 – Issue of Options to Alan John FLAVELLE

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

"That for the purposes of section 208 of the Corporations Act, Listing Rules 10.11 and 10.13 and for all other purposes, the Directors be authorised immediately to grant and issue up to 1,000,000 Series A Director Options at an exercise price of \$0.10 each expiring 5 years from date of grant and up to 1,000,000 Series B Director Options at an exercise price of \$0.075 each expiring 3 years from the date of grant to Alan John Flavelle or his nominee, not later than 1 month after the date of this meeting, such options to be issued in accordance with the terms and conditions set out in Annexure B to the attached explanatory memorandum accompanying this notice of annual general meeting."

Item 7 - Resolution 6 – Issue of Options to Anthony John McCLURE

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

"That for the purposes of section 208 of the Corporations Act, Listing Rules 10.11 and 10.13 and for all other purposes, the Directors be authorised immediately to grant and issue up to 1,000,000 Series A Director Options at an exercise price of \$0.10 each expiring 5 years from date of grant and up to 1,000,000 Series B Director Options at an exercise price of \$0.075 each expiring 3 years from the date of grant to Anthony John McClure or his nominee, not later than 1 month after the date of this meeting, such options to be issued in accordance with the terms and conditions set out in Annexure B to the attached explanatory memorandum accompanying this notice of annual general meeting."

Item 8 - Resolution 7 – Issue of Options to Terence Vincent WILLSTEED

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

“That for the purposes of section 208 of the Corporations Act, Listing Rules 10.11 and 10.13 and for all other purposes, the Directors be authorised immediately to grant and issue up to 750,000 Series A Director Options at an exercise price of \$0.10 each expiring 5 years from date of grant and up to 750,000 Series B Director Options at an exercise price of \$0.075 each expiring 3 years from the date of grant to Terence Vincent Willsteed or his nominee, not later than 1 month after the date of this meeting, such options to be issued in accordance with the terms and conditions set out in

Annexure B to the attached explanatory memorandum accompanying this notice of annual general meeting.”

Item 9 - Resolution 8 – Increase Directors Fees

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

“That, for the purposes of Listing Rule 10.17, rule 15.1 of the Company’s Constitution and for all other purposes, the increase of the maximum total amount that the Company may pay non-executive Directors in aggregate per annum, from \$70,000 to \$120,000, is approved.”

Item 10 - Other Business

Any other business which may lawfully be brought before the meeting.

The Chairman intends to vote for all resolutions set out in the Notice.

BY ORDER OF THE BOARD

Craig J Ferrier
Company Secretary

23 day of October 2003

EXPLANATORY STATEMENT

THIS EXPLANATORY STATEMENT accompanies the Notice of Meeting convening the Annual General Meeting of members of Kimberley Oil NL ACN 075 760 655 (“*the Company*”).

This Explanatory Memorandum is to provide the Company's members with explanatory notes and information in relation to the resolutions set out in the Notice of Meeting upon which the members are asked to vote at the Annual General Meeting.

This Explanatory Statement should be read in conjunction with the accompanying Notice of Meeting.

1. Resolution 1 – Election of Director – Alan John Flavelle

In accordance with Article 14.3 of the Company's Constitution, Mr Alan John Flavelle retires as a Director by rotation and, being eligible, offers himself for re-election as a Director.

2. Resolution 2 – Election of Director – Terence Vincent Willsteed

In accordance with Article 14.3 and 14.6 of the Company's Constitution, Mr Terence Vincent Willsteed having been appointed as a Director by the Board on 26 November 2002 as an addition to the Board, retires from office and being eligible offers himself for election as a Director.

Mr Willsteed is a mining engineer who has, since 1973, been the principal of consulting mining engineers, Terence Willsteed & Associates. His forty five year career in the mining industry has included senior line operational and engineering positions with Zinc Corporation, Mt Isa Mines Ltd and Consolidated Goldfields Ltd. In his consulting experience Mr Willsteed has been involved in the assessment and development of a wide range of mineral, coal and oil shale projects, and has participated in the management of exploration, developing and operating mineral projects both in Australia and Internationally. He holds a Bachelor of Engineering (mining) Honours, Bachelor of Arts from the University of Queensland and is a Fellow of the Australian Institute of Mining & Metallurgy.

3. Resolution 3 – Ratification of October 2003 Placement

ASX Listing Rule 7.1 limits the number of equity securities which a listed company may issue in any 12 month period without shareholder approval (subject to certain exceptions). The maximum limit is 15% of the total number of fully paid ordinary shares on issue at the beginning of any 12 month period plus the number of fully paid ordinary shares issued with approval of shareholders (or under one of the express exceptions to Listing Rule 7.1) during the previous 12 months.

ASX Listing Rule 7.4 provides that an issue of securities which is made without Shareholder approval under Listing Rule 7.1 is treated as having been made with approval for the purposes of Listing Rule 7.1 if each of the following applies:

Kimberley Oil NL
ACN 075 760 655

- (a) The issue did not breach Listing Rule 7.1; and
- (b) The holders of ordinary securities subsequently approve it.

For the purposes of Listing Rule 7.5 and in order for Shareholders to ratify the October 2003 Placement in accordance with Listing Rule 7.4, the following information is provided to Shareholders:

- (a) The number of securities allotted – 12,000,000 Fully Paid Shares;
- (b) The price which the securities were issued – 5 cents per Share;
- (c) The terms of the securities – The Shares issued pursuant to the participants of the October 2003 Placement were fully paid ordinary shares ranking pari passu with all existing Shares on issue;
- (d) The names of the allottees of the Securities:

Names of Placee's	Shares
Bruce Campbell Richardson & Anita Tiberi Richardson	200,000
Centreace Pty Ltd <The H&R unit fund>	400,000
Corless Farms (WA) Pty Ltd	200,000
Daniel Storch	300,000
David Zohra	1,000,000
Dencove Nominees Pty Ltd	400,000
DF Lynton-Brown <Super Fund>	500,000
Don Evans	1,000,000
Gregory Alan Nettle	600,000
Heathley Nominees Pty Ltd	1,000,000
Largess Corporation Pty Ltd	100,000
M & S Super Investments Pty Ltd	200,000
P.R.A.F. Investments Ltd	500,000
Robert Michael Smakman & Itta Somaia <The Bundi Family Fund a/c>	200,000
Rosignol Pty Limited (ATF the Nightingale Family Trust)	1,000,000
S Family Pty Ltd	1,000,000
Travelly Pty Ltd	2,000,000
Umbriam Pty Ltd <M Hoy Super A/C>	1,000,000
Waterjade Pty Ltd	200,000
WJK Investments Pty Ltd	200,000

- (e) The allottees are all unrelated parties.
- (f) The use of the funds raised – The proceeds of the October 2003 Placement will be used to progress work on the Company's Western European CBM/CMM projects and for general working capital purposes.

Voting Exclusion Statement

The Company will, in accordance with Listing Rule 7.5.6, disregard any votes cast on resolution 3 the recipients or their associates. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

4. Resolution 4 – Approval of Employee Share Option Plan

The Incentive Plan was originally approved by shareholders on 15 May 2000. In order to continue as intended, plans of this type require shareholder approval every three years. Under Listing Rule 7.2 an issue of options under the Incentive Plan will be regarded as an “approved issue” for the purposes of Listing Rule 7.1 if, within 3 years before the date of issue of options, shareholders have approved the issue of such securities as an exception to this rule. In such circumstance the notice of meeting must contain:

- A summary of the terms of the relevant employee share option plan;
- The number of options issued under the relevant employee share option plan since the date of the last approval; and
- A voting exclusion statement.

Accordingly the following information is provided in this respect:

A summary of the rules of the proposed Incentive Plan is set out in Annexure A. The table below sets out details of options issued under the Incentive Plan since the plan’s approval in May 2000.

Issue #	Date of Grant	Number Options issued	Exercise Price	Expiry Date	Balance Outstanding
1	15 May 2000	3,000,000	20 cents each	31 March 2005	1,000,000
2	28 June 2002	900,000	20 cents each	23 May 2007	900,000
		3,900,000			1,900,000

Notes:

1. Issue number “1” was to Directors whereas Issue “2” was to employees.
2. On 23 May 2002 shareholders approved the grant of 2,000,000 options to directors outside of the Incentive Plan exercisable on or before 23 May 2007 at an exercise price of 20 cents each on terms materially the same as those applicable to issue #1. A total of 1,000,000 23 May 2002 Director Options remain outstanding.
3. There are no other outstanding options over unissued capital as at the date of this notice of annual general meeting.
4. No options issued under the Incentive Plan have been exercised up to the period ended 30 September 2003.

Shareholders should note that, if resolution 4 is not passed, the Directors will continue to use the Incentive Plan, however securities issued under the Incentive Plan will count towards the 15% limit set out in Listing Rule 7.1

Each director has an interest in the outcome of resolution 4 in that he is eligible, subject to prior shareholder approval, to receive options pursuant to the Incentive Plan. All Directors, notwithstanding their interest in the outcome of the resolution, recommend shareholders vote in favour of the resolution as they believe it is a cost efficient way for the Company to attract and retain talented personnel for the Company's future benefit. No Director declined to make a recommendation about resolution 4. All Directors were available to make the recommendations stated above.

Voting Exclusion Statement

The Company will, in accordance with exception 9 of Listing Rule 7.2, disregard any votes cast on resolution 4 by or on behalf of a Director or an associate of a Director entitled to participate in the issue of securities under the Incentive Plan. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

5. Resolution 5, 6 and 7 – Issue of Options to Directors

General Information on Shareholder Approval of Related Party Transactions

Resolutions 5, 6, and 7 seek shareholder approval to transactions that fall under section 208 of the Corporations Act.

Chapter 2E of the Corporations Act prohibits a public company from giving financial benefits to related parties of the public company. The exceptions to this prohibition include where:

- (a) the public company first obtains the approval of its shareholders in general meeting; or
- (b) the terms would be reasonable in the circumstance if the public company and the related party were dealing at arms length; or
- (c) the terms are less favorable to the related party than the terms referred to in paragraph (b); or
- (d) the transaction falls within one of the other nominated exceptions to the provisions.

A "related party" for the purposes of the Corporations Act is defined widely. It includes a director of the public company and specified members of the director's family. It also includes an entity over which a director maintains control.

A "financial benefit" for the purposes of the Corporations Act is also widely defined. It includes the public company paying money to another entity. It also includes issuing shares or options to a related party. In determining whether or not a financial benefit is given, it is necessary to look at the economic and commercial substance and effect of the transaction (rather than just the legal form) and any consideration which has been given is to be disregarded, even if it is full or adequate.

The following information is required to be disclosed to shareholders for the purposes of obtaining approval of resolutions 5, 6 and 7 under section 208 of the Corporations Act.

Grant of Options to Directors

As described below, shareholder approval is being sought for a grant of options to Directors. Under the Listing Rules and the Corporations Act, any issue of options to Directors must firstly be approved by shareholders.

The grant of options is designed to encourage the recipients to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to directors by participating in the future growth and prosperity of the Company through share ownership. The proposed grant of options recognises the performance to date and the significant contribution expected to be made to the development and growth of the Company. It is widely accepted that Directors should have some form of equity interest in the company as an incentive to improve the fortunes of the company and its share price, to the benefit of all shareholders. Directors are generally restricted in their ability to buy (or sell) shares on market for a number of reasons. Holding options provides directors with an interest in the Company and also provides an opportunity for them to contribute new capital to it.

The Company proposes to issue two series of options, the first entitle the holder to subscribe for one fully paid ordinary share in the capital of the Company at an exercise price of \$0.10 each and an expiry date being 5 years from the date of grant ("Series A Director Options"), whilst the second series entitle the holder to subscribe for one fully paid ordinary share in the capital of the Company at an exercise price of \$0.075 each and an expiry date being 3 years from the date of grant ("Series B Director Options").

Name of Recipient Directors and No. of Options to be Granted

Recipient	Option Series	Exercise Price (cents)	No. of Options	Expiry Date
Alan J Flavelle	Series A	10	1,000,000	5 years from date of grant
	Series B	7.5	1,000,000	3 years from date of grant
Anthony J McClure	Series A	10	1,000,000	5 years from date of grant
	Series B	7.5	1,000,000	3 years from date of grant
Terence V Willstead	Series A	10	750,000	5 years from date of grant
	Series B	7.5	750,000	3 years from date of grant

Resolutions 5, 6, and 7 seek shareholder approval for various transactions under section 208 of the Corporations Act and Listing Rules 10.11 and 10.14. The following information is provided in relation to the proposed grant of options to Directors:

- (a) if resolutions 5, 6, and 7 are passed it will permit the giving of a financial benefit by the issue of up to 2,750,000 Series A Directors Options to Directors exercisable at 10 cents each and 2,750,000 Series B Directors Options to Directors exercisable at 7.5 cents each as set out in the above table;
- (b) the nature of the financial benefit is the issue of two series of options for nil consideration with an exercise price of 10 cents and 7.5 cents each respectively. If the Company shares trading on the ASX are higher than the exercise price of the options the effect will be to give an immediate financial benefit to the directors at the time the options are exercised.
- (c) each of the named Directors in resolutions 5, 6, and 7 have a material personal interest in the outcome of the resolutions in which he is named as it is proposed to issue options to him or his nominee if that resolution is passed. For this reason none of the Directors make a recommendation about resolutions 5, 6 and 7. All Directors were available to make a recommendation;
- (d) if the options are exercised the effect will be to dilute the interest of existing shareholders.

The table below sets out the impact of passing resolutions 5, 6, and 7 on the number of shares and options held by the Directors or their associates on an undiluted and fully diluted basis:

Name of Director/Holder	No. of Shares held (undiluted basis)	No. of options held (undiluted basis)	No. of Shares held (fully diluted basis)	No. of options held (fully diluted basis)
Alan J Flavelle	193,000	3,000,000	3,193,000	0
Anthony J McClure	120,752	3,000,000	3,120,752	0
Terence V Willstead	1,136,000	1,500,000	2,636,000	0
Other holders	112,046,594	900,000	112,946,594	0
TOTAL	113,496,346	8,400,000	121,896,346	0

- (e) the market price of the Company's shares during the period the options are issued and unexercised may be one factor in determining whether or not the Directors or their nominees will exercise these options at the time any options are exercised and shares are consequently issued. The Company's shares may be trading on the ASX at a price which is higher than the exercise price of the options. In these circumstances, if the Director then sells the shares arising from the exercise of the options they would realise an immediate profit. The closing price of the Company's shares trading on ASX on 21 October 2003 was 7.0 cents. The highest price of the Company's shares in the last 3 months was 8.1 cents on 13 October 2003 and the lowest price was 2.1 cents on 21 July 2003;
- (f) it is not considered that from an economic and commercial point of view there are any costs or detriments, including opportunity costs or taxation consequences, for the Company or benefits foregone by the Company resulting from the issue of the options pursuant to resolutions 5, 6, and 7; and
- (g) apart from the information set out in this explanatory memorandum there is not any other information that is known to the Company or any of its Directors that is reasonably required by shareholders to decide whether or not it is in the Company's interest to pass resolutions 5, 6 and 7.

Valuation of Options

The options have been valued by reference to the Black Scholes options pricing model, based on the following assumptions:

Call Option Valuation	Input
Share price at 30 September 2003	\$0.055
Exercise Price	\$0.10 and \$0.075
Risk Free Rate (Australian 10 year Bond Rate)	5.01%
Volatility (Annualised) ¹	100%
Time (years) to expiry	5 and 3 years respectively
Discount on value per option for non negotiability ²	30%

Notes:

1. The volatility factor adopted is based on an annualised volatility factor of 100.29% derived from the movement in the weighted average monthly share prices for the Company during the 12 months to 30 September 2003.
2. Given that the Options are not listed and cannot be transferred except in limited circumstances a discount factor has been applied for "non-negotiability" of 30%.

Based on the above assumptions it is considered that the total value of the 2,750,000 Series A Director Options to be \$73,073 or 2.66 cents per option and the total value of the 2,750,000 Series B Director Options to be \$61,797 or 2.25 cents per option.

Listing Rule 10. 11

Listing Rule 10.11 requires shareholder approval to the issue of the securities to a related party of the Company. As the non-executive directors of the Company are related parties of the Company as noted above, shareholder approval under Listing Rule 10.11 is sought.

For the purposes of ASX Listing Rule 10.11 and 10.13 the following information is provided:

- (a) The aggregate number of options to be issued – 5,500,000;
- (b) There is no consideration payable for the grant of the options;
- (c) Terms of the options – Within 5 years from the date of grant each Series A Director Option can be converted into an ordinary Share in the Company on payment of 10c each and each ordinary fully paid Share so issued will rank pari passu with all existing fully paid ordinary Shares in the Company. Within 3 years from the date of grant each Series B Director Option can be converted into an ordinary Share in the Company on payment of 7.5c each and each ordinary fully paid Share so issued will rank pari passu with all existing fully paid ordinary Shares in the Company;
- (d) The options will be issued within one month of the meeting to approve their issue;
- (e) Name of proposed allottees: Alan John Flavelle, Anthony John McClure and Terence Vincent Willstead.
- (f) The use (or intended use) of the funds raised – No funds will be raised by the issue of the options. However, if exercised funds raised will be used for general working capital purposes.

The proposed grant of Options to Directors will be subject to the terms and conditions set out in Annexure B which accompanies this notice of meeting.

Voting Exclusion Statement

The Company will, in accordance with section 224 of the *Corporations Act* and Listing Rule 10.13, disregard any votes cast on resolutions 5, 6 and 7 by or on behalf of a director of the Company, a related party of the Company to whom resolutions 5, 6 and 7 would permit a financial benefit to be given, or associates of such persons. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form;
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides; or
- (c) it is not cast on behalf of a related party or associate of a kind referred to above.

Listing Rule 7.1

As approval of shareholders is being sought pursuant to Listing Rule 10.11, under Listing Rule 7.2 Exception 14, approval under Listing Rule 7.1 is not required.

6. Resolution 8 – Directors Fees

Approval is sought for an increase in the maximum amount of fees payable to non-executive directors. The present level of \$70,000 was set by members in general meeting in 1997 and has not been increased since. Consistent with the Board's plan to re-invigorate the Company, it is considered necessary to increase the maximum level of Directors fees to ensure that the Company is able to attract non-executive directors of the highest caliber and provide a level of remuneration in keeping with industry norms and recognising the responsibilities undertaken as a non-executive director of the Company.

In accordance with Listing Rule 10.17 and rule 15.1 of the Constitution, any proposed increase in the maximum aggregate amount of remuneration payable to the non-executive Directors must be approved by ordinary resolution of the Company in general meeting.

The following information is provided to shareholders in accordance with Listing Rule 10.17:

- (a) The amount of the increase is \$50,000.
- (b) The maximum amount that may be paid to the directors as a whole is \$120,000.

Voting Exclusion Statement

The Company will, in accordance with Listing Rule 10.17, disregard any votes cast on resolution 8 by or on behalf of a director of the Company or an associate of a director. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions of the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

7. Notes

- (a) For the purposes of Regulation 7.11.37 of the Corporations Regulations 2001, the Company determines that members holding ordinary shares at the close of business on 26 November 2003 will be entitled to attend and vote at the Annual General Meeting and may appoint a proxy to attend this Meeting and vote in that member's stead.
- (b) Proxy forms must reach the Registered Office of the Company at least 48 hours prior to the meeting on 28 November 2003.
- (c) A proxy need not be a member of the Company.
- (d) The original proxy form sent with this Notice should be used for this Meeting.
- (e) Each Shareholder who is entitled to cast 2 or more votes at this Meeting may appoint 2 persons to act as proxies and may specify the proportion or number of votes that each proxy is entitled to exercise. If a Shareholder **does not** specify the proportion or number of that Shareholder's votes each proxy may exercise, then each proxy will be entitled to exercise half of the votes. An additional proxy form will be supplied by the Company on request.
- (f) In the case of an individual, a proxy must be under the hand of the individual or his or her attorney duly authorised in writing and, in the case of a corporation, a proxy must be executed by the corporation under common seal, pursuant to S.127 of the Corporations Act or under the hand of its duly authorised director/s, officer/s or attorney.
- (g) Any member may by power of attorney appoint an attorney to act on his or her behalf and such power of attorney or certified copy thereof must be received by the Company as specified in paragraph (i).
- (h) Any corporation which is a member of the Company may appoint a representative to attend and vote for that corporation at the Meeting. Appointments of representatives by corporations must be received by the Company as specified in paragraph (i) at any time before the time for holding this Meeting or adjourned meeting.
- (i) Proxies and powers of attorneys granted by Shareholders must be received by the Company at least 48 hours prior to the meeting on 28 November 2003:
 - (i) At the registered office of the Company – Suite 12b, 573 Canning Highway, Alfred Cove, 6154; or
 - (ii) By facsimile at the registered office of the Company – facsimile number (08) 9330 8896

8. Definitions

For the purposes of this Explanatory Memorandum and the Notice of General Meeting, the following definitions apply unless the context requires otherwise.

October 2003 Placement means the placement of 12,000,000 Shares at an issue price per Share of 5 cents and allotted on 8th October 2003.

ASIC means the Australian Securities and Investments Commission.

ASX means the Australian Stock Exchange Limited.

Board means the board of Directors of the Company

Business Day has the meaning ascribed to it in the Listing Rules.

Company means Kimberley Oil NL (ACN 075 760 655).

Corporations Act means Corporations Act 2001 (Cth).

Company Shareholders means the shareholders of the Company.

Director means a director of the Company

General Meeting means the general meeting notified to the Company Shareholders by the Notice.

Incentive Plan means Kimberley Oil NL Employee Share Option Plan and includes the Summary of Terms and Conditions

Incentive Plan Options means options to take up Shares to be issued by the Company pursuant to the terms of the Incentive Plan.

Listing Rules means the Listing Rules from time to time of the ASX.

Notice means this notice incorporating this Explanatory Memorandum.

Series A Director Options means options with an exercise price of 10 cents each and expiring 5 years from the date of grant to be issued in accordance with the terms and conditions set out in Annexure B.

Series B Director Options means options with an exercise price of 7.5 cents each and expiring 3 years from the date of grant to be issued in accordance with the terms and conditions set out in Annexure B.

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

ANNEXURE A

**Summary of Terms and Conditions
of
Kimberley Oil NL Employee Share Option Plan**

1. The purpose of the Incentive Plan

The purpose of the Kimberley Oil NL Employee Share Option Plan ("Incentive Plan") is to provide selected Directors, employees and consultants of the Company (and its subsidiaries) with the means of receiving Options to subscribe for shares in the Company. The intention is to give these people the opportunity to share in the future growth and profitability of the Company by aligning their interests with those of Shareholders. This is expected to motivate them to have a greater involvement with and commitment to the Company, and to focus on the longer term goals of the Company.

The aim of this summary is to provide an overview of the Incentive Plan. It does not override the terms of the Incentive Plan and to the extent of any inconsistency, the Incentive Plan will prevail. The full terms of the Incentive Plan will be sent free to a shareholder on request to the Company Secretary or is available for inspection at Suite 12B, 573 Canning Highway, Alfred Cove, WA 6154. In this summary unless otherwise defined, terms which are defined in the Incentive Plan will have the same meaning.

2. Invitation and application

Eligible Participants may participate in the Plan by written invitation by the Board in its absolute discretion based on the Board's assessment of the contribution the Eligible Participant will have on the performance of the Group.

On receipt of an invitation, the Eligible Participant or Approved Beneficiary may apply for up to the number of Options specified in the invitation. The Company may then grant the Options applied for to the applicant.

3. Number of Options offered

The number of Options and terms of those Options (as to exercise price and expiry date for exercise) that will be offered to an Eligible Participant pursuant to an invitation are entirely within the discretion of the Board but subject to any shareholder approval required under the Corporations Act or the ASX Listing Rules (as applicable) being first obtained.

On exercise each Option will, subject to any adjustment arising from bonus issues of shares by the Company, entitle the Optionholder to one fully paid ordinary share in the capital of the Company.

At no time can the aggregate of unissued shares to which Options relate under the Incentive Plan exceed 10% of the total issued shares of the Company at the relevant time.

4. Exercise price

The exercise price of Options will be, in circumstances where a grant of Options requires prior shareholder approval; such price as is set out in the notice of meeting held to approve the issue; and in all other cases, the weighted average closing price of the Company's fully paid ordinary shares on the Australian Stock Exchange over the preceding 5 trading days immediately prior to the date of issue, or such greater price as may be determined by the Board in its absolute discretion.

5. Term of Options

An Option shall lapse, if it has not been exercised, on the earliest of:

- (a) The expiry date, being a period of five years from the date of issue, unless a period of shorter duration is determined by the Board at the time of offer.
- (b) in the case of termination of Engagement of the Eligible Participant (comprising or nominating the Grantee) for cause, the effective day on which the Engagement of that Participant is terminated;
- (c) in the case of termination of Engagement of the Eligible Participant (comprising or nominating the Grantee) otherwise than for cause, the day that is 20 business days after termination of the Engagement of that Eligible Participant involved provided that, if the termination is caused by the Retirement (after the attainment of age 55 years), Total and Permanent Disablement, Redundancy or death, Options held by an Eligible Participant may be exercised within 90 days (or 6 months, in the case of death) after ceasing to be an Eligible Participant or any longer period permitted by the Board in its sole discretion; and
- (d) the day on which the Eligible Participant (comprising or nominating the Grantee) defaults in the performance of any of his or her obligations under the Plan.

6. Exercise of Options

Options are exercisable prior to their lapsing (in the terms of paragraph 5 above).

Options may be exercised in whole or in part (in minimum multiples of 1000).

7. Shares allotted on exercise of Options

Shares allotted on exercise of Options will be of the same class and will rank equally with the fully paid ordinary shares in the Company at the date the Options are granted.

It is not intended for the Options to be listed for trading on the ASX, however the Company will apply to the ASX for Official Quotation of Shares to be allotted and issued upon the exercise of Options in accordance with the ASX Listing Rules.

8. Options not transferable

The Options will not be transferable except to a related party with the prior written approval of the Board of Directors.

9. Bonus issues, rights issues and capital reorganisation

In order to prevent a reduction of the number of shares to which the Options relate in the event of bonus issues and/or rights issues, there are provisions in the Incentive Plan which provide a method of adjustment of the number of Options or the exercise price of the Options to prevent such a reduction.

In the event of a capital reorganisation, the Options will be reorganised in accordance with the ASX's Listing Rules.

10. General Terms

Except as otherwise expressly provided in the Incentive Plan the Options will be issued on the terms and conditions set out in the Option certificate as determined from time to time by the Board in its absolute discretion at the time of the grant of the Options. Options may be granted upon different terms and conditions from those applicable to any other Options granted.

Variations to the terms of the Incentive Plan since last approval in May 2000.

- The aggregate number of options that may be issued and outstanding at any time shall not exceed 10%. This amount was previously 5%.
- The exercise price for an Option issued under the Incentive Plan shall be, where prior share holder approval is required, such price as is set out in the notice of meeting held to approve the issue. In all other cases the exercise price shall be the average market price of shares traded on ASX immediately prior to the date of grant, or such greater price as may be determined by the Board in its absolute discretion.
- As described in paragraph 5 above, in circumstances where an Eligible Participant's employment is terminated as a consequence of Retirement (after the attainment of age 55 years), Total and Permanent Disablement, Redundancy or death, the Options will not lapse until the expiration of at least 90 days after the date of termination.

These changes have been made to the conditions of the Incentive Plan to ensure that the Plan remains relevant and that the terms enable the Incentive Plans objectives to be met, particularly in relation to the ability of the plan to recruit, retain and motivate key employees.

ANNEXURE B

TERMS AND CONDITIONS OF DIRECTORS' OPTIONS

1. Each option will be issued free and will entitle the holder to subscribe for one fully paid ordinary share in the capital of the Company at an exercise price equal to:
 - 10 cents a share for each Series A Director Option; and
 - 7.5 cents a share for each Series B Director Option.
2. Series A Director Options are exercisable at any time on or prior to the date which is 5 years after the date of the meeting to approve the grant of the options by notice in writing to the Company accompanied by payment of the exercise price.
3. Series B Director Options are exercisable at any time on or prior to the date which is 3 years after the date of the meeting to approve the grant of the options by notice in writing to the Company accompanied by payment of the exercise price.
4. All shares allotted on the exercise of the options will rank pari passu in all respects with the Company's then existing fully paid ordinary shares.
5. The options are not transferable without the prior written consent of the board in its absolute discretion. No application will be made to Australian Stock Exchange Limited (**ASX**) for Official Quotation of the options. If the Company's ordinary shares have been granted Official Quotation by ASX, the Company must apply for Official Quotation by ASX of all shares allotted pursuant to the exercise of options not later than 10 business days after the date of allotment.
6. Holders may only participate in new issues of securities to holders of ordinary shares in the Company if the option has been exercised and shares allotted in respect of the option before the record date for determining entitlements to the issue. The Company must give at least 10 business days' notice to holders of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules of ASX.
7. There will be no change to the exercise price of the option or the number of shares over which the option is exercisable in the event of the Company making a pro rata issue of shares or other securities to the holders of ordinary shares in the Company (other than a bonus issue).
8. If there is a bonus issue (**Bonus Issue**) to the holders of ordinary shares in the Company, the number of shares over which the option is exercisable will be increased by the number of shares which the holder would have received if the option had been exercised before the record date for the bonus issue (**Bonus Shares**). The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank pari passu in all respects with the other shares of that class on issue at the date of issue of the Bonus Shares.
9. If, prior to the expiry of any options, there is a re-organisation of the issued capital of the Company, options are to be treated in the manner set out in the Listing Rules of ASX.
10. The options will automatically lapse on the day that is 20 business days after the termination of employment or office of the optionholder provided that, if the termination is caused by the retirement (after the attainment of age 55 years), total and permanent disablement, redundancy or death, any options held that remain outstanding may be exercised within 90 days (or 6 months, in the case of death) after termination or any longer period permitted by the Board in its sole discretion.

APPOINTMENT OF PROXY – ANNUAL GENERAL MEETING

To assist you in exercising your right to vote your shares at the forthcoming Annual General Meeting of the Company, you may wish to appoint a person who is attending as your proxy.

TO APPOINT A PROXY, FOLLOW THE STEPS BELOW

Name of Shareholder
.....
Address
.....
.....

Insert here the name and address of shareholder.
.....
.....



APPOINTS
Name
Address
.....
OR THE CHAIRPERSON OF THE MEETING

or failing the person named above, or if no person is named, the Chairperson of the meeting, to vote in accordance with the directions on the reverse side of this form, or if no direction has been given, as he or she sees fit, at the Annual General Meeting of the Company to be held at 10:00am on Friday, 28 November 2003 and at any adjournment thereof.

Insert here the name and address of the person you wish to appoint as proxy. Shareholders cannot appoint themselves.
OR
Tick the box if you wish to appoint the Chairperson of the Meeting to act as your proxy

If you plan to attend the Meeting your proxy's right to speak and vote for you will be suspended while you are present.



SIGNATURE OF SHAREHOLDER(S)

x
() Individual shareholder
() Director
() Sole Director and Sole Secretary

x
() Director/Secretary

IF A CORPORATION AFFIX COMMON SEAL (OPTIONAL)

Dated this day of 2003

() Delete if not applicable

SHAREHOLDER MUST SIGN HERE AND DATE HERE

This proxy must be signed by the shareholder or by the shareholder's attorney, or if a corporation, either under its common seal or by its authorised officers, or attorney who has not received any notice of revocation.

If this proxy is signed by a person who is not the registered shareholder, then the relevant authority must either have been exhibited previously with the Company or be enclosed with this proxy.



FOR YOUR VOTE TO BE COUNTED, THIS FORM MUST BE RECEIVED NO LATER THAN THE TIME SHOWN ON THE REVERSE SIDE

YOUR VOTE IS IMPORTANT



COMPLETE THE REVERSE SIDE IF YOU WISH TO DIRECT YOUR PROXY HOW TO VOTE
.....
.....

Kimberley Oil NL
ACN 075 760 655

**Directing your Proxy
how to vote**

Resolutions

	For	Against	Abstain	Chair*
1. Election of Director - Alan J Flavelle.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Election of Director - Terence V Willstead	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Ratification of October 2003 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Approval of Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Offer of Options to Alan J Flavelle.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Offer of Options to Anthony J McClure	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Offer of Options to Terence V Willstead	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Approval of Directors fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(OPTIONAL)
IF YOU WISH TO DIRECT YOUR PROXY HOW TO VOTE ON ANY ITEM, PLACE A MARK IN THE APPROPRIATE BOX

* By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.

A Shareholder who is entitled to cast 2 or more votes may appoint 2 persons (whether Shareholders or not) to attend the Meeting and vote. If you appoint a second proxy, state here the proportion or number of votes given to the proxy appointed on this form:

An additional proxy form will be supplied on request

(OPTIONAL)
APPOINTMENT OF A SECOND PROXY

Proxy Notes:

1. A member entitled to attend and cast 2 or more votes at the meeting is entitled to appoint 2 proxies. If a member does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes.
2. A proxy need not be a member of the Company.
3. **Unless a member specifically directs the proxy how to vote, the proxy may vote as he or she thinks fit or abstain from voting.**
4. In the case of an individual, a proxy must be under the hand of the individual or his or her attorney duly authorised in writing and, in the case of a corporation, a proxy must be under the common seal of that corporation, pursuant to S.127 of the Corporations Act or under the hand of its duly authorised officer/s or attorney.
5. To be valid, the form appointing the proxy and the power of attorney granted by members or other authority (if any) must be lodged at the registered office of the Company as set out below.
6. The Chairman intends to vote for all resolutions in the Notice.

Your completed proxy must be received 48 hours before the meeting:

- (a) The registered office of the Company – 12B, 573 Canning Highway, Alfred Cove, Western Australia; or
- (b) By facsimile at the registered office of the Company – fax number (08) 9330 8896.

**Deadline
for receipt
of Proxy
forms**

Kimberley Oil NL
ACN 075 760 655

APPOINTMENT OF CORPORATE REPRESENTATIVE
Pursuant to Section 250D of the Corporations Act

_____ (ACN/ARBN _____)
(Insert name of Shareholder/Body Corporate & ACN/ARBN)

Hereby Authorises

(Insert name of appointee)

- (*) 1. To act as the Company's representative at all meetings of:
KIMBERLEY OIL NL (ACN 075 760 655)
- (*) 2. To act as the Company's Representative at the Annual General Meeting to be held at 10:00am on 28 November 2003 and any adjournment thereof.

Dated this _____ day of _____ 2003

Executed by the corporation in accordance
with its Constitution
in the presence of:

(*) Director

(*) Sole Director & Sole Secretary

Director/Secretary

Affix Common Seal here (optional)

() Delete if not applicable*

This authority may be sent to the registered office or share registry office of the Company in advance of the meeting as set out in the Notice of Meeting which this appointment accompanies or handed in at the Meeting when registering as a company representative. In either case, the authority will be retained by the Company.