
JAMESON RESOURCES LIMITED

ABN 89 126 398 294

NOTICE OF ANNUAL GENERAL MEETING

TIME: 11:30 am WST

DATE: Monday, 30 November 2009

PLACE: Jameson Resources Limited
Level 2
79 Hay Street
Subiaco WA 6008

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) 9200 4473.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders of Jameson Resources Limited which this Notice of Meeting relates to will be held at 11:30 am WST on Monday, 30 November 2009 at the registered office of Jameson Resources Limited, Level 2, 79 Hay Street, Subiaco, Western Australia.

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 either:

- (a) send the proxy form by post to Jameson Resources Limited, PO Box 1424, West Perth, Western Australia 6872; or
- (b) send the proxy form by facsimile to the Company on facsimile number (08) 9200 4463.

so that it is received not later than 11:30 am WST on Saturday, 28 November 2009.

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 Jameson Resources Limited will be held at the registered office of Jameson Resources Limited, Level 2, 79 Hay Street, Western Australia, Subiaco at 11:30 am WST on Monday, 30 November 2009.

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 Annual General Meeting are those who are registered Shareholders at 11:30 am WST on Saturday, 28 November 2009.

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

AGENDA

Reports and Accounts

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2009, together with the declaration of directors, the directors' report, the remuneration report and the auditor's report.

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

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

“That, for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the Company to adopt the remuneration report as contained in the Company's annual financial report for the financial year ended 30 June 2009.”

Resolution 2 – Election of Mr T. Arthur Palm

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

“That, for the purposes of clause 13.4 of the Constitution and for all other purposes, Mr T. Arthur Palm, having being appointed as a director of the Company on 13 August 2009, retires, and, being willing and eligible, is hereby re-elected as a Director.”

Resolution 3 – Re-Election of Mr David Prentice

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

“That, for the purposes of clause 13.2 of the Constitution and for all other purposes, Mr David Prentice, being a Director, retires by rotation and, being willing and eligible, is hereby re-elected as a Director.”

NOTICE OF ANNUAL GENERAL MEETING

Resolution 4 - Ratification and Approval of Placement

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

"That for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders of the Company ratify the prior allotment and issue by the Company of 6,770,000 Shares on the terms and conditions and in the manner described in the Explanatory Memorandum that accompanies this Notice of Meeting".

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 5 – Issue of Director Options - John Holmes

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

"That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and all other purposes, the Company is authorised to allot and issue 500,000 Tranche A Director Options, 500,000 Tranche B Director Options and 500,000 Tranche C Director Options to John Holmes and/or his nominee(s) on the terms and conditions, and in the manner, described in the Explanatory Memorandum that accompanies this Notice of Meeting."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Holmes (or his nominee) or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 6 – Issue of Director Options – Jeff Bennett

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

"That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and all other purposes, the Company is authorised to allot and issue 200,000 Tranche A Director Options, 200,000 Tranche B Director Options and 200,000 Tranche C Director Options to Jeff Bennett and/or his nominee(s) on the terms and conditions, and in the manner, described in the Explanatory Memorandum that accompanies this Notice of Meeting."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Bennett (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.

NOTICE OF ANNUAL GENERAL MEETING

Resolution 7 – Issue of Director Options – David Prentice

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

“That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and all other purposes, the Company is authorised to allot and issue 200,000 Tranche A Director Options, 200,000 Tranche B Director Options and 200,000 Tranche C Director Options to David Prentice and/or his nominee(s) on the terms and conditions, and in the manner, described in the Explanatory Memorandum that accompanies this Notice of Meeting.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Prentice (or his nominee) or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 8 – Issue of Director Options – Stephen Anastos

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

“That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and all other purposes, the Company is authorised to allot and issue 200,000 Tranche A Director Options, 200,000 Tranche B Director Options and 200,000 Tranche C Director Options to Stephen Anastos and/or his nominee(s) on the terms and conditions, and in the manner, described in the Explanatory Memorandum that accompanies this Notice of Meeting.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Anastos (or his nominee) or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 9 – Issue of Director Options – T. Arthur Palm

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

“That, subject to Mr Palm being appointed as an Executive Director of the Company and for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and all other purposes, the Company is authorised to allot and issue 750,000 Tranche D Director Options and 750,000 Tranche E Director Options to T. Arthur Palm and/or his nominee(s) on the terms and conditions, and in the manner, described in the Explanatory Memorandum that accompanies this Notice of Meeting.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Palm (or his nominee) or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 10 – Adoption of Employee Incentive Scheme

*“That, for the purposes of Listing Rule 7.2 (Exception 9) of the ASX Listing Rules and for all other purposes, the Directors be authorised to adopt the “Jameson Resources Limited Incentive Option Scheme” (**Scheme**) (the terms of which are summarised to the Explanatory Statement accompanying this Notice) and the issue of securities pursuant to the Scheme.”*

Short Explanation: The Scheme is designed to be an incentive to employees whom the Directors consider would assist in the successful development of the Company. Please refer to the Explanatory Statement for further details.

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

DATED: 23 OCTOBER 2009

BY ORDER OF THE BOARD



**SUZIE FOREMAN
COMPANY SECRETARY
JAMESON RESOURCES 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.

Attendance and Voting Eligibility

For the purpose of regulation 7.11.37 of the Corporations Regulations 2001, the Directors have determined that Shares held at 11:30 am WST on Saturday, 28 November 2009 will be taken, for the purposes of this Annual General Meeting, to be held by the persons who held them at that time.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at the registered office of Jameson Resources Limited, Level 2, 79 Hay Street, Subiaco, Western Australia at 11:30 am WST on Monday, 30 November 2009.

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

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2009 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

Whilst the Company will not provide a hard copy of the Company's annual financial report unless specifically requested by a Shareholder to do so, Shareholders may view the Company annual financial report on its website at www.jamesonresources.com.au

2. RESOLUTION 1 – REMUNERATION REPORT (NON-BINDING RESOLUTION)

In accordance with Section 250R(2) of the Corporations Act, the Company must put a resolution to Shareholders that the Remuneration Report be adopted to vote at the Annual General Meeting. The vote on Resolution 1 is advisory only and does not bind the Directors or 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 2009 and includes all of the information required by Section 300A of the Corporations Act, including:

- (a) the board policy for determining, or relating to, the nature and amount (or value, as appropriate) of remuneration of Directors, secretaries and senior managers of the Company;
- (b) discussion of the relationship between such policy and the Company's performance; and
- (c) the prescribed details in relation to the remuneration of each Director and certain executives.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

3. RESOLUTION 2 – ELECTION OF MR T. ARTHUR PALM

Clause 13.4 of the Constitution states that the Directors may at any time appoint any person to be a director, either to fill a casual vacancy or 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.

EXPLANATORY STATEMENT

Any Director so appointed holds office only until the next following annual general meeting and is then eligible for re-election.

Mr T. Arthur Palm was appointed to the Board on 12 August 2009 and will retire in accordance with clause 13.4 of the Constitution and, being eligible, seeks re-election as a Director.

Details regarding Mr T. Arthur Palm's qualifications and experience are set out in the Company's 2009 Annual Report.

4. RESOLUTION 3 – RE-ELECTION OF MR DAVID PRENTICE

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

The Company currently has 5 Directors, one of which is retiring and seeking re-election pursuant to clause 13.4 of the Constitution, and accordingly 1 must retire.

A Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election.

Mr Prentice retires by rotation and seeks re-election.

Details regarding Mr David Prentice are set out in the Company's 2009 Annual Report.

5. RESOLUTION 4 –RATIFICATION OF PRIOR PLACEMENT

On 30 June 2009, the Company issued 6,770,000 Shares at an issue price of \$0.25 per Share to predominantly overseas based institutional investors to raise approximately \$1,692,500 (**Placement**).

The subscribers pursuant to the Placement were not related parties of the Company.

Resolution 4 seeks Shareholder ratification of the prior allotment and issue of 6,770,000 Shares for the purposes of ASX Listing Rule 7.4 and all other purposes.

5.1 Approvals Required

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

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of equity securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1), the issue of those securities will be treated as having been made with shareholder approval for the purpose of Listing Rule 7.1.

EXPLANATORY STATEMENT

By ratifying the Placement, the Company will retain the flexibility to issue further equity securities up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

The information required to be provided to shareholders to satisfy ASX Listing Rule 7.4 is specified in ASX Listing Rule 7.5.

5.2 Technical Information required by ASX Listing Rule 7.5

ASX Listing Rule 7.5 requires the following information be given to Shareholders in respect of the Placement:

- (a) The number of shares allotted and issued pursuant to the Placement was 6,770,000 Shares.
- (b) The issue price of the Shares allotted and issued pursuant to the Placement was \$0.25 per Share.
- (c) The Shares were issued and allotted on 30 June 2009.
- (d) The Shares issued were all fully paid ordinary shares in the capital of the Company and rank equally in all respects with the existing Shares on issue.
- (e) The Shares were issued to predominantly overseas institutional and professional investors, who are not related parties of the Company. For those participating in the placement no shareholder held in excess of 5% of the issued capital of the Company following the issue.
- (f) The funds raised from the Placement were used to provide the first tranche of working capital required for the recommissioning of the Basin Coal Mine in British Columbia.

6. RESOLUTIONS 5 TO 9 – APPROVAL OF ISSUE OF DIRECTOR OPTION TO DIRECTORS

6.1 General

Resolutions 5 to 9 seek the approval of Shareholders for the issue of a total of 4,800,000 Options (**Director Options**) to each of John Holmes, Jeff Bennett, David Prentice, Stephen Anastos and T. Arthur Palm or their respective nominee(s) on the terms and conditions set out below.

The object of Resolutions 5 to 9 is to provide the Directors with a mechanism to participate in the future development of the Company and an incentive for their future involvement with and commitment to the Company. The Directors believe that the success of the Company in the future will depend in large part upon the skills of the people engaged to manage the Company's operations.

Accordingly, it is important that the Company is able to attract and retain people of the highest calibre. The Directors consider that the most appropriate means of achieving this is to provide directors with an opportunity to participate in the Company's future growth and an incentive to contribute to that growth.

If Shareholder approval is obtained, the Director Options will be granted within 1 month of Shareholder approval.

EXPLANATORY STATEMENT

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

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

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

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

The grant of the Director Options to the Related Parties requires the Company to obtain Shareholder approval because the grant of Director Options constitutes giving a financial benefit and as Directors, Messrs Holmes, Bennett, Prentice, Anastos and Palm 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 Director Options to the Related Parties.

In accordance with Exception 14 of ASX Listing Rule 7.2, the approval of Shareholders pursuant to ASX Listing Rule 7.1 is not required in order to issue the Director Options to the Directors if Shareholder approval is obtained under ASX Listing Rule 10.11. Shareholders should note that the issue of the Director Options to the Directors will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

6.2 Further Information (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 parties are Messrs Holmes, Bennett, Prentice, Anastos and Palm (**Related Parties**) and they are related parties by virtue of being Directors;
- (b) the maximum number of Director Options (being the nature of the financial benefit being provided) to be granted to the Related Parties is as set out in the table below:

EXPLANATORY STATEMENT

<i>Related Party</i>	<i>Tranche A Director Options</i>	<i>Tranche B Director Options</i>	<i>Tranche C Director Options</i>	<i>Tranche D Director Options</i>	<i>Tranche E Director Options</i>	<i>Total Director Options</i>
John Holmes	500,000	500,000	500,000	-	-	1,500,000
Jeff Bennett	200,000	200,000	200,000	-	-	600,000
David Prentice	200,000	200,000	200,000	-	-	600,000
Stephen Anastos	200,000	200,000	200,000	-	-	600,000
T. Arthur Palm	-	-	-	750,000	750,000	1,500,000
Total	1,100,000	1,100,000	1,100,000	750,000	750,000	4,800,000

- (c) the Director 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 Director Options will be issued on one and the same date;
- (d) the Director Options will be granted for nil cash consideration and accordingly no funds will be raised;
- (e) the terms and conditions of the Tranche A Director Options, Tranche B Director Options and Tranche C Director Options are set out in Schedules 1, 2 and 3 respectively. The terms and conditions of the Tranche D Director Options and Tranche E Director Options are the same as those of the Tranche B Director Options and Tranche C Director Options respectively, except that it is a term of the Tranche D Director Options and Tranche E Director Options that such Director Options will automatically expire in the event that Mr Palm's employment with the Company ceases (for whatever reason) within 2 years of the date of his appointment as an Executive Director;
- (f) the value of the Director Options and the pricing methodology is set out in Schedule 4;
- (g) the relevant interests of the Related Parties in securities of the Company are set out below;

Related Party	Shares	Options¹
John Holmes	40,000	2,000,000
Jeff Bennett	250,000	500,000
David Prentice	1,000,000	500,000
Stephen Anastos	-	500,000
T. Arthur Palm	-	-

¹ These Options are exercisable at \$0.20 each on or before 30 November 2010.

EXPLANATORY STATEMENT

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

Related Party	Position	Current Financial Year	Previous Financial Year
John Holmes	Managing Director	\$200,000	\$180,000
Jeff Bennett	Non Executive Chairman	\$60,000	\$60,000
David Prentice	Non Executive Director	\$30,000	\$30,000
Stephen Anastos	Non Executive Director	\$30,000	\$30,000
T. Arthur Palm	Non Executive Director	\$75,000	-

- (i) if the Director Options granted to the Related Parties are exercised, a total of 4,800,000 Shares would be allotted and issued. This will increase the number of Shares on issue from 61,764,910 to 66,564,910 (assuming that no other Options are exercised and no other Shares issued) with the effect that the shareholding of existing Shareholders would have a total dilutionary effect of 7.21% and be diluted as follows:

Related Party	Issued Shares as at the date of this Notice of Meeting	Director Options to be issued	Issued Shares upon exercise of all Director Options	Dilutionary effect upon exercise of Director Options
John Holmes	61,764,910	1,500,000	63,264,910	2.37%
Jeff Bennett	61,764,910	600,000	62,364,910	0.96%
David Prentice	61,764,910	600,000	62,364,910	0.96%
Stephen Anastos	61,764,910	600,000	62,364,910	0.96%
T. Arthur Palm	61,764,910	1,500,000	63,264,910	2.37%

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

As at the date of this Notice of Annual General Meeting, the Share price is trading on ASX above the exercise price of the Director Options. The Board resolved to issue the Director Options to Mr Holmes, Mr Bennett, Mr Prentice and Mr Anastos, subject to Shareholder approval, on the terms and conditions set out in this Notice of Annual General Meeting at a time when the Share price was trading on ASX below the exercise price of the Director Options, but Shareholder approval has not been able to be obtained until this Annual General Meeting.

EXPLANATORY STATEMENT

The Board resolved to issue the Director Options to Mr Palm on the terms and conditions set out in this Notice of Annual General Meeting at a time when the Share price was trading on ASX above the exercise price of the Tranche D Director Options but below the exercise price of the Tranche E Director Options. In addition, the issue of the Director Options to Mr Palm is subject to his appointment as an executive Director of the Company. As indicated above, it is also a term of the Tranche D Director Options and Tranche E Director Options that such Director Options will automatically expire in the event that Mr Palm's employment with the Company ceases (for whatever reason) within 2 years of the date of his appointment as an executive Director.

It is also worth noting that the Director Options can only be exercised in the event that certain milestones are achieved by the Company. Please refer to paragraph 7.2(e) above for further details of the terms.

In summary, the Board resolved to issue those Director Options being issued to:

- Mr Holmes, Mr Bennett, Mr Prentice and Mr Anastos on 6 May 2009 when the previous closing price of Shares on ASX on 5 May 2009 was 22 cents; and
- Mr Palm on 11 June 2009 when the previous closing price of Shares on ASX on 10 June 2009 was 35 cents;

- (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	60 cents	31 August 2008
Lowest	8 cents	6 February 2009
Last	51 cents	22 October 2009

- (k) the primary purpose of the grant of Director Options to the Related Parties is to provide cost effective consideration to the Related Parties for their ongoing commitment and contribution to the Company in their respective roles as Directors. The Directors consider that the incentive represented by the grant of the Director Options is a cost effective and efficient incentive when compared to other forms of incentive such as cash, bonuses or increased remuneration. 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) the Board acknowledges the grant of Director Options to the Directors (other than John Holmes) is contrary to Recommendation 8.2 of the ASX Corporate Governance Principles and Recommendations. However, the Board considers the grant of Director Options to the non-executive Directors is reasonable in the circumstances, given the necessity to attract the highest calibre of professionals to the Company, whilst maintaining the Company's cash reserves;

EXPLANATORY STATEMENT

- (m) Mr Holmes 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 Holmes) 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 Bennett 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 Bennett) 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 Prentice declines to make a recommendation to Shareholders in relation to Resolution 7 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 7, recommend that Shareholders vote in favour of Resolution 7. The Board (other than Mr Prentice) 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;
- (p) Mr Anastos declines to make a recommendation to Shareholders in relation to Resolution 8 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 8, recommend that Shareholders vote in favour of Resolution 8. The Board (other than Mr Anastos) 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
- (q) Mr Palm declines to make a recommendation to Shareholders in relation to Resolution 9 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 9, recommend that Shareholders vote in favour of Resolution 9. The Board (other than Mr Palm) 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.

7. RESOLUTION 10 – ADOPTION OF EMPLOYEE INCENTIVE SCHEME

7.1 Background

Resolution 10 seeks the approval of Shareholders for the adoption of the “Jameson Resources Limited Incentive Option Scheme” (**Scheme**) to allow the grant of options under the Scheme as an exception to ASX Listing Rule 7.1 in accordance with exception 9(b) of ASX Listing Rule 7.2. An issue under an incentive option scheme will only fall within exception 9(b) of ASX Listing Rule 7.2 if the securities are issued under a Scheme approved by shareholders within 3 years before the date of issue.

EXPLANATORY STATEMENT

If Resolution 10 is passed, the Company will have the ability to issue options to eligible participants under the Scheme over a period of 3 years without impacting on the Company's 15% placement capacity under ASX Listing Rule 7.1. The Scheme is designed to provide eligible participants with an ownership interest in the Company and to provide additional incentives to develop the Company and increase returns to Shareholders. The objective of the Scheme is to attract, motivate and retain employees and consultants whom the Directors consider would contribute towards the Company's performance. The Scheme also forms an integral component of the Company's remuneration policy. Any grant of options to a Director will require prior Shareholder approval.

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

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

7.2 Brief Overview of the Scheme

Participants in the Scheme

The Board may offer options under the Scheme (**Options**) to persons who are:

- (a) full-time or part-time employees;
- (b) Directors and consultants of the Company; or
- (c) an associated body corporate of the Company,

(together referred to as **Eligible Participants**) (**Offer**).

Upon receipt of such an Offer, the Eligible Participants may nominate an associate of the Eligible Participant acceptable to the Board (**Nominee**) to be issued with the Options.

Terms of Options

There will be no consideration payable for the issue of the Options. The Board may determine the exercise price of an Option (**Option Exercise Price**) for that Offer in its absolute discretion.

Subject to the Listing Rules, the Option Exercise Price may be nil but to the extent the Listing Rules specify or require a minimum price, the Option Exercise Price in respect of an Offer must not be less than any minimum price specified in the Listing Rules.

A Share issued on exercise of an Option will rank equally in all respects with Shares already on issue on the date of exercise of the Option, except for entitlements which had a record date before the date of issue of that Share.

Quotation of Options on ASX will not be sought. However, in the event that the Company is listed on ASX, it will apply to ASX for quotation of the Shares issued on the exercise of Options.

EXPLANATORY STATEMENT

Restrictions on Issues and Exercise of Options

If the Company makes an Offer where:

- (a) the total number of Shares to be received on exercise of Options the subject of that Offer, exceeds the limit set out in ASIC Class Order 03/184 (**Class Order**); or
- (b) the Offer does not otherwise comply with the terms and conditions set out in the Class Order,

the Company must comply with Chapter 6D of the Corporations Act at the time of that Offer.

Exercise of Options

Options may be exercised:-

- (a) Subject to certain conditions, an Eligible Participant will be entitled to exercise Options granted as a result of an Offer in respect of which all conditions that must be satisfied before those Options can be exercised or any other restriction on exercise of those Options (**Exercise Conditions**) have been satisfied and which are otherwise capable of exercise in accordance with the terms of the relevant Offer and the Scheme.
- (b) An Option may not be exercised if it was issued in accordance with the Class Order and the Class Order prohibits the exercise of the Option.
- (c) Once an Option is capable of exercise in accordance with the terms of the Scheme, it may be exercised at any time up until 5.00pm in Perth on that date which is 2 years after the date of the grant of that Option, or such other date as the Board determines in its discretion with respect to that Option at the time of grant (**Lapsing Date**).

Subject to the terms of the Offer made to an Eligible Participant to whom Options have been granted (**Participant**) and the terms of the Scheme, a Participant's Options will lapse immediately if, in respect of a Participant or an Offer:

- (a) an Eligible Participant or Nominee (**Relevant Person**) ceases to be an employee or director of, or to render services to a member of the Company or an associated body corporate of the Company (**Group**) for any reason whatsoever 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 Deadline (as defined below) has passed,

whichever is the earlier.

EXPLANATORY STATEMENT

Where an Relevant Person ceases to be an employee or director of, or to render services to, a member of the Group for any reason whatsoever (including without limitation resignation or termination for cause) prior to the Lapsing Date in relation to the Options granted under an Offer (**Ceasing Date**) and the Exercise Conditions have been met, the Participant will be entitled to exercise Options granted as a result of an Offer in accordance with the terms of the Offer and the Scheme, for a period of up to 60 days after the Ceasing Date (**Deadline**), after which the Participant's Options will lapse immediately and all rights in respect of those Options will thereupon be lost.

Participation in Future Issues

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

If the Company makes a pro rata issue of securities (except a bonus issue) to the holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment), the Option Exercise Price shall be reduced according to the formula specified in the Listing Rules.

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

Capital Reconstruction

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

GLOSSARY

2009 Annual Report means the Company's annual report for the year ended 30 June 2009, which can be downloaded from the Company's website at www.jamesonresources.com.au

\$ means Australian dollars.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited.

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

Board means the Board of Directors of the Company.

C\$ means Canadian dollars.

Company or **Jameson** means Jameson Resources Limited (ABN 89 126 398 294).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Director Option means the Tranche A Director Options, Tranche B Director Options, Tranche C Director Options, Tranche D Director Options and Tranche E Director Options to be granted pursuant to Resolutions 5 to 9.

Directors mean the current directors of the Company.

Explanatory Statement means the explanatory statement to this Notice.

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

Notice means the notice of meeting accompanying this Explanatory Statement.

NWPC means NWPC Pty Ltd (ACN 132 083 535).

Option means an option to acquire a Share.

Optionholder means a holder of an Option or Director Option (as the context requires).

Project or **Basin Coal Mine** means the Basin Coal Mine in British Columbia, Canada.

Proxy Form means the proxy form attached to the Notice.

Remuneration Report means that section of the Directors' Report under the heading "Remuneration Report" set out in the 2009 Annual Report.

Resolution means a resolution contained in this Notice.

Schedule means a schedule to this Notice.

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

GLOSSARY

Shareholder means a shareholder of the Company.

Tranche A Director Option means an Option with the terms and conditions set out in Schedule 1.

Tranche B Director Option means an Option with the terms and conditions set out in Schedule 2.

Tranche C Director Option means an Option with the terms and conditions set out in Schedule 3.

Tranche D Director Options means an Option with the same terms and conditions as those of the Tranche B Director Options, except that it is also a term of the Tranche D Director Options that the Tranche D Director Options will automatically expire in the event that Mr Palm's employment with the Company ceases (for whatever reason) within 2 years of the date of his appointment as an Executive Director.

Tranche E Director Options means an Option with the same terms and conditions as those of the Tranche C Director Options, except that it is also a term of the Tranche E Director Options that the Tranche E Director Options will automatically expire in the event that Mr Palm's employment with the Company ceases (for whatever reason) within 2 years of the date of his appointment as an Executive Director.

Terms Sheet means the agreement dated 19 December 2008 between the Company, NWPC and the shareholders of NWPC.

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

SCHEDULE 1 – TERMS AND CONDITIONS OF TRANCHE A DIRECTOR OPTIONS

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

- (a) Each Tranche A Director Option entitles the Optionholder to subscribe for one Share in the capital of the Company at the exercise price of \$0.25 per Share (**Exercise Price**). To obtain the right given by each Tranche A Director Option, the Optionholder must exercise the Tranche A Director Options in accordance with the terms and conditions of the Tranche A Director Options.
- (b) Subject to the Company completing a positive bankable feasibility study on the Basin Coal Mine Project, the Tranche A Director Options are exercisable at any time up to 5.00pm WST on 31 May 2010 (**Expiry Date**).
- (c) The Tranche A Director Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (d) An Optionholder may exercise their Tranche A Director Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Tranche A Director Options specifying the number of Tranche A Director Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Tranche A Director Options being exercised;(**Exercise Notice**).
- (e) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (f) 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 Tranche A Director Options specified in the Exercise Notice.
- (g) Subject to the Corporations Act, the ASX Listing Rules and the Company's Constitution, the Tranche A Director Options are freely transferable.
- (h) Application will not be made for official quotation of the Tranche A Director Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of the Tranche A Director Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (i) All Shares issued upon exercise of the Tranche A Director Options will, from the date of issue, rank *pari passu* in all respects with the Company's then issued Shares.
- (j) There are no participating rights or entitlements inherent in the Tranche A Director Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Tranche A Director Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Tranche A Director Options prior to the date for determining entitlements to participate in any such issue.

- (k) A Tranche A Director Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Tranche A Director Option can be exercised.
- (l) In the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the rights of the Option Holders, including the number of Tranche A Options or the exercise price of the Tranche A Director Options or both 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.

SCHEDULE 2 – TERMS AND CONDITIONS OF DIRECTORS’ OPTIONS – TRANCHE B

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

- (a) Each Tranche B Director Option entitles the Optionholder to subscribe for one Share in the capital of the Company at the exercise price of \$0.35 per Share (**Exercise Price**). To obtain the right given by each Tranche B Director Option, the Optionholder must exercise the Tranche B Director Options in accordance with the terms and conditions of the Tranche B Director Options.
- (b) Subject to the Company commencing commercial production on the Basin Coal Mine Project, the Tranche B Director Options are exercisable at any time up to 5.00pm WST on 31 May 2012 (**Expiry Date**).
- (c) The Tranche B Director Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (d) An Optionholder may exercise their Tranche B Director Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Tranche B Director Options specifying the number of Tranche B Director Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Tranche B Director Options being exercised;**(Exercise Notice)**.
- (e) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (f) 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 Tranche B Director Options specified in the Exercise Notice.
- (g) Subject to the Corporations Act, the ASX Listing Rules and the Company's Constitution, the Tranche B Director Options are freely transferable.
- (h) Application will not be made for official quotation of the Tranche B Director Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of the Tranche B Director Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (i) All Shares issued upon exercise of the Tranche B Director Options will, from the date of issue, rank *pari passu* in all respects with the Company's then issued Shares.
- (j) There are no participating rights or entitlements inherent in the Tranche B Director Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Tranche B Director Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Tranche B Director Options prior to the date for determining entitlements to participate in any such issue.

- (k) A Tranche B Director Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Tranche B Director Option can be exercised.
- (l) In the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the rights of the Option Holders, including the number of Tranche B Options or the exercise price of the Tranche B Director Options or both 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.

SCHEDULE 3 – TERMS AND CONDITIONS OF DIRECTORS' OPTIONS – TRANCHE C

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

- (a) Each Tranche C Director Option entitles the Optionholder to subscribe for one Share in the capital of the Company at the exercise price of \$0.50 per Share (**Exercise Price**). To obtain the right given by each Tranche C Director Option, the Optionholder must exercise the Tranche C Director Options in accordance with the terms and conditions of the Tranche C Director Options.
- (b) Subject to the Company achieving gross production of 500,000 tonnes of saleable coal from the Basin Coal Mine Project, the Tranche C Director Options are exercisable at any time up to 5.00pm WST on 31 March 2013 (**Expiry Date**).
- (c) The Tranche C Director Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (d) An Optionholder may exercise their Tranche C Director Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Tranche C Director Options specifying the number of Tranche C Director Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Tranche C Director Options being exercised;(**Exercise Notice**).
- (e) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (f) 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 Tranche C Director Options specified in the Exercise Notice.
- (g) Subject to the Corporations Act, the ASX Listing Rules and the Company's Constitution, the Tranche C Director Options are freely transferable.
- (h) Application will not be made for official quotation of the Tranche C Director Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of the Tranche C Director Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (i) All Shares issued upon exercise of the Tranche C Director Options will, from the date of issue, rank *pari passu* in all respects with the Company's then issued Shares.
- (j) There are no participating rights or entitlements inherent in the Tranche C Director Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Tranche C Director Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Tranche C Director Options prior to the date for determining entitlements to participate in any such issue.

- (k) A Tranche C Director Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Tranche C Director Option can be exercised.
- (l) In the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the rights of the Option Holders, including the number of Tranche C Options or the exercise price of the Tranche C Director Options or both 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.

SCHEDULE 4 – VALUATION OF DIRECTOR OPTIONS

A valuation of the Director Options that are proposed to be granted subject to the passing of Resolutions 5 to 9 using the Black and Scholes Options Pricing Model has been calculated as set out below:

Tranche A Director Options

<i>Exercise Price</i>	\$0.25		
<i>Expiry Date</i>	31 May 2010		
<i>Vesting Date</i>	The date the Company completes a positive bankable feasibility study on the Basin Coal Mine Project		
<hr/>			
<i>Name of Director</i>	<i>Number of Tranche A Director Options</i>	<i>Estimated Value (\$)</i>	<i>Estimated Value per Tranche A Director Option (\$)</i>
John Holmes	500,000	\$109,400	\$0.2188
Jeff Bennett	200,000	\$43,760	\$0.2188
David Prentice	200,000	\$43,760	\$0.2188
Stephen Anastos	200,000	\$43,760	\$0.2188
T. Arthur Palm	-	-	-
Total	1,100,000	\$240,680	

The estimated value of the Director Options was calculated using the following assumptions:

- (a) the date of the valuation is 12 October 2009, with the grant date for the Tranche A Options being on or about 30 November 2009;
- (b) a market price of Shares of \$0.45 (which represents the last trading price per Share on ASX on 12 October 2009);
- (c) an exercise price of \$0.25 per Tranche A Director Option;
- (d) an expiry date of 31 May 2010;
- (e) a forecast price volatility of 80%. The volatility rate is based on the range to which the shares have been trading on the Australian Stock Exchange (**ASX**) and other comparable company volatilities;
- (f) an average current risk-free interest rate of 4.65% (continuously compounded risk free rate); and
- (g) dividend yield of 0%.

The valuation price per Tranche A Director Option noted below is not necessarily the market price that the Tranche A Director Options could be traded at and it is not the market price for taxation purposes. Adjustments have not been made to the term of the options for expected early exercise and no adjustment has been made for the number of options that have or will vest.

On the basis of the above assumptions, an exercise price of \$0.25 each results in an implied "value" of \$0.2188 cents per Tranche A Director Option. The total implied "value" of the Tranche A Director Options to be issued pursuant to resolutions 5 to 9 is \$240,680.

The above valuations have been generated by independent valuers.

Tranche B Director Options and Tranche D Director Options

<i>Exercise Price</i>	\$0.35			
<i>Expiry Date</i>	31 May 2012			
<i>Vesting Date</i>	The date the Company commences commercial production on the Basin Coal Mine Project			
<i>Name of Director</i>	<i>Number of Tranche B Director Options</i>	<i>Number of Tranche D Director Options</i>	<i>Estimated Value (\$)</i>	<i>Estimated Value per Tranche B and Tranche D Director Option (\$)</i>
John Holmes	500,000	-	\$127,900	\$0.2558
Jeff Bennett	200,000	-	\$51,160	\$0.2558
David Prentice	200,000	-	\$51,160	\$0.2558
Stephen Anastos	200,000	-	\$51,160	\$0.2558
T. Arthur Palm	-	750,000	\$191,850	\$0.2558
Total	1,100,000	750,000	\$473,230	

The estimated value of the Tranche B Director Options and Tranche D Director Options was calculated using the following assumptions:

- (a) the date of the valuation is 12 October 2009, with the grant date for the Tranche B Director Options and Tranche D Director Options being on or about 30 November 2009;
- (b) a market price of Shares of \$0.45 (which represents the last trading price per Share on ASX on 12 October 2009);
- (c) an exercise price of \$0.35 per Tranche B Director Option and Tranche D Director Option;
- (d) an expiry date of 31 May 2012;
- (e) a forecast price volatility of 80%. The volatility rate is based on the range to which the shares have been trading on the Australian Stock Exchange (**ASX**) and other comparable company volatilities.
- (f) an average current risk-free interest rate of 4.65% (continuously compounded risk free rate); and
- (g) a dividend yield of 0%.

The valuation range noted below is not necessarily the market price that the Tranche B Director Options and Tranche D Director Options could be traded at and it is not the market price for taxation purposes. Adjustments have not been made to the term of the Tranche B Director Options and Tranche D Director Options for expected early exercise and no adjustment has been made for the number of Tranche B Director Options and Tranche D Director Options that have or will vest.

On the basis of the above assumptions, an exercise price of \$0.35 each results in an implied "value" of \$0.2558 cents for each Tranche B Director Option and Tranche D Director Option. The total implied "value" of the Tranche B Director Options and Tranche D Director Options to be issued pursuant to Resolutions 5 to 9 is \$473,230.

The above valuations have been generated by independent valuers.

Tranche C Director Options and Tranche E Director Options

<i>Exercise Price</i>	\$0.50			
<i>Expiry Date</i>	31 March 2013			
<i>Vesting Date</i>	The date the Company achieves gross production of 500,000 tonnes of saleable coal from the Basin Coal Mine Project			
<i>Name of Director</i>	<i>Number of Tranche C Director Options</i>	<i>Number of Tranche E Director Options</i>	<i>Estimated Value (\$)</i>	<i>Estimated Value per Tranche C and Tranche E Director Option (\$)</i>
John Holmes	500,000	-	\$122,350	\$0.2447
Jeff Bennett	200,000	-	\$48,940	\$0.2447
David Prentice	200,000	-	\$48,940	\$0.2447
Stephen Anastos	200,000	-	\$48,940	\$0.2447
T. Arthur Palm	-	750,000	\$183,525	\$0.2447
Total	1,100,000	750,000	\$452,695	

The estimated value of the Tranche C Director Options and Tranche E Director Options was calculated using the following assumptions:

- (a) the date of the valuation is 12 October 2009, with the grant date for the Tranche C Director Options and Tranche E Director Options being on or about 30 November 2009;
- (b) a market price of Shares of \$0.45 (which represents the last trading price per Share on ASX on 12 October 2009);
- (c) an exercise price of \$0.50;
- (d) an expiry date of 31 March 2013;
- (e) a forecast price volatility of 80%. The volatility rate is based on the range to which the shares have been trading on the Australian Stock Exchange (ASX) and other comparable company volatilities.
- (f) an average current risk-free interest rate is 4.65% (continuously compounded risk free rate); and
- (g) a dividend yield of 0%.

The valuation price per Tranche C Director Option and Tranche E Director Options noted below is not necessarily the market price that Options could be traded at and it is not the market price for taxation purposes. Adjustments have not been made to the term of the Tranche C Director Options and Tranche E Director Options for expected early exercise and no adjustment has been made for the number of Tranche C Director Options and Tranche E Director Options that have or will vest.

On the basis of the above assumptions, an exercise price of \$0.50 each results in an implied "value" of \$0.2447 cents for each Tranche C Director Option and Tranche E Director Options. The total implied "value" of the Tranche C Director Options and Tranche E Director Options to be issued pursuant to Resolutions 5 to 9 is \$452,695.

The above valuations have been generated by independent valuers.

PROXY FORM

**APPOINTMENT OF PROXY
JAMESON RESOURCES LIMITED
ABN 89 126 398 294**

ANNUAL GENERAL MEETING

I/We

of

being a member of Jameson 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 11.30 am (WST), on 30 November 2009 at Level 2, 79 Hay Street, Subiaco, Western Australia, 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 10** 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 10 and that votes cast by the Chair of the Annual General Meeting for Resolutions 1 to 10 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 10 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 1 to 10.

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	Election of Mr Arthur Palm	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Mr David Prentice	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Ratification and Approval of Prior Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of Issue of Director Options to Mr Holmes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of Issue of Director Options to Mr Bennett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval of Issue of Director Options to Mr Prentice	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Approval of Issue of Director Options to Mr Anastos	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Approval of Issue of Director Options to Mr Palm	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Adoption of Employee Incentive Scheme	<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 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):** _____

JAMESON RESOURCES LIMITED
ABN 89 126 398 294

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 should 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 proxy form enclosed and either:
 - a) send the proxy form by post to Jameson Resources Limited, PO Box 1424, West Perth, Western Australia 6872; or
 - b) send the proxy form by facsimile to the Company on facsimile number (08) 9200 4463,

so that it is received not later than 11:30 am WST on Saturday, 28 November 2009.

Proxy forms received later than this time will be invalid.