
JUPITER ENERGY LIMITED**ACN 084 918 481****NOTICE OF GENERAL MEETING**

TIME: 10 am (WST)

DATE: Friday 24 October 2008

PLACE: The Celtic Club
48 Ord Street
West Perth, Western Australia

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, Scott Mison on (+61 8) 9322 8222.

CONTENTS PAGE

Notice of General Meeting (setting out the proposed resolutions)	3
Explanatory Statement (explaining the proposed resolutions)	6
Glossary	13
Schedule 1 – Terms and Conditions of Options	14
Schedule 2 – Terms and Conditions of Placement Options	16
Proxy Form	18

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10 am (WST) on Friday 24 October 2008 at:

The Celtic Club
48 Ord Street
West Perth, Western Australia

YOUR VOTE IS IMPORTANT

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

VOTING IN PERSON

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

VOTING BY PROXY

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

- (a) post to Jupiter Energy Limited, PO Box 1282, West Perth WA 6872 or post to Computershare Investor Services Pty Limited, GPO Box 242, Victoria VIC 3001; or
- (b) facsimile to Jupiter Energy Limited on (+61 8) 9322 8244 or to Computershare Investor Services Pty Limited on (613) 9473 2555,

so that it is received not later than 10 am (WST) on Wednesday 22 October 2008.

Proxy Forms received later than this time will be invalid.

NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of Shareholders will be held at 10 am (WST) on Friday 24 October 2008 at The Celtic Club, 48 Ord Street, West Perth, Western Australia.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at 10 am (WST) on 22 October 2008.

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

AGENDA

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE – SHARES

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

"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 16,000,000 Shares on the terms and conditions set out in the Explanatory Statement."

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.

2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE – OPTIONS

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

"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 30,000,000 Options on the terms and conditions set out in the Explanatory Statement."

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.

3. RESOLUTION 3 – FIRST SHARE PLACEMENT

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

"That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue Shares raising a total of up

to \$17,000,000 on the terms and conditions set out in the Explanatory Statement.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. RESOLUTION 4 – FIRST OPTION PLACEMENT

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

“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue up to that number of Options equal to the number of Shares issued pursuant to Resolution 3 on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. RESOLUTION 5 – SECOND SHARE PLACEMENT

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

“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue Shares raising a total of up to \$7,000,000 on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. RESOLUTION 6 – SECOND OPTION PLACEMENT

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

“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue up to that number of Options equal to the number of Shares issued pursuant to Resolution 5 on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates

of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. RESOLUTION 7 – ISSUE OF SHARES TO DIRECTOR – ERKIN SVANBAYEV

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

“That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue 5,000,000 Shares to Erkin Svanbayev (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

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

DATED: 18 SEPTEMBER 2008

BY ORDER OF THE BOARD



**SCOTT MISON
COMPANY SECRETARY**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting to be held at 10 am (WST) on Friday 24 October 2008 at The Celtic Club, 48 Ord Street, West Perth, Western Australia.

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

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE – SHARES

1.1 General

On 30 June 2008, the Company issued 16,000,000 Shares as part consideration for the acquisition of the sub-surface rights of a permit located in the Zhetybai-Uzen step in the South West Mangistau Basin in Kazakhstan (**Acquisition**).

The subscriber pursuant to this issue was not a related party of the Company.

Resolution 1 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Share Ratification**).

ASX Listing Rule 7.1 provides that 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 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 securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

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

1.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Share Ratification:

- (a) 16,000,000 Shares were allotted;
- (b) the deemed issue price was 12.5 cents per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were allotted and issued to Zher Munai & K LLP; and
- (e) no funds were raised from the issue as the Shares were issued as part consideration for the Acquisition.

2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE – OPTIONS

2.1 General

On 13 June 2008 and 3 July 2008, the Company issued a total of 30,000,000 Options to incentivise key personnel of the Company.

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

Resolution 2 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Options (**Option Ratification**).

A summary of ASX Listing Rules 7.1 and 7.4 is set out in Section 1.1 above.

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

The Company notes that the Options issued to Mr Ole Udsen are no longer capable of vesting as Mr Udsen is no longer engaged by the Company as an employee or consultant as required by the terms and conditions of the Options (refer to paragraph (b) of Schedule 1).

2.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Option Ratification:

- (a) 30,000,000 Options were allotted;
- (b) the issue price was 0.1 cents per Option;
- (c) the Options were issued on the terms and conditions set out in Schedule 1;
- (d) the Options were allotted and issued to the following key personnel:
 - (i) Ole Udsen – 10,000,000 Options;
 - (ii) Keith Martens – 10,000,000 Options; and
 - (iii) Sergey Sinitsin – 10,000,000 Options;
- (e) the funds raised from this issue (\$30,000) were used for working capital purposes.

3. RESOLUTION 3 – FIRST SHARE PLACEMENT

3.1 General

Resolution 3 seeks Shareholder approval for the allotment and issue of Shares raising a total of up to \$17,000,000 (**First Share Placement**).

None of the subscribers pursuant to this issue will be related parties of the Company.

A summary of ASX Listing Rule 7.1 is set out in Section 1.1 above.

The effect of Resolution 3 will be to allow the Directors to issue the Shares pursuant to the First Share Placement during the period of 3 months after the General

Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

3.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the First Share Placement:

- (a) the maximum number of Shares to be issued is up to that number of Shares which, when multiplied by the issue price, equals \$17,000,000;
- (b) the Shares will be issued no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the issue price of the Shares will be not less than 80% of the average market price for Shares calculated over the 5 days on which sales in the Shares are recorded before the day on which the issue is made or, if there is a prospectus, over the last 5 days on which sales in the securities were recorded before the date the prospectus is signed;
- (d) the Directors will determine to whom the Shares will be issued and these persons will not be related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the First Share Placement towards the initial payment for the acquisition of the North West Zhetybai oilfield and working capital.

4. RESOLUTION 4 – FIRST OPTION PLACEMENT

4.1 General

Resolution 4 seeks Shareholder approval for the allotment and issue of up to that number of Placement Options equal to the number of Shares issued pursuant to Resolution 3 (**First Option Placement**).

None of the subscribers pursuant to this issue will be related parties of the Company.

A summary of ASX Listing Rule 7.1 is set out in Section 1.1 above.

The effect of Resolution 4 will be to allow the Directors to issue the Placement Options pursuant to the First Option Placement during the period of 3 months after the General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

4.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the First Option Placement:

- (a) the maximum number of Placement Options to be granted is that number of Placement Options equal to the number of Shares issued pursuant to Resolution 3;

- (b) the Placement Options will be issued no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the Placement Options will be issued at a minimum price of 0.1 cents per Placement Option. The issue of the Placement Options will be subject to the prevailing Share price. The Company therefore wishes to retain the flexibility to issues the Placement Options for 0.1 cents each or to seek to maximise funds raised from the issue of the Placement Options by issuing at a higher issue price;
- (d) the Directors will determine to whom the Placement Options will be issued and these persons will not be related parties of the Company;
- (e) the Placement Options will be issued on the terms and conditions set out in Schedule 2; and
- (f) in the event funds are raised from the First Option Placement that amount will be used for working capital purposes.

5. RESOLUTION 5 – SECOND SHARE PLACEMENT

5.1 General

Resolution 5 seeks Shareholder approval for the allotment and issue of Shares raising a total of up to \$7,000,000 (**Second Share Placement**).

None of the subscribers pursuant to this issue will be related parties of the Company.

A summary of ASX Listing Rule 7.1 is set out in Section 1.1 above.

The effect of Resolution 5 will be to allow the Directors to issue the Shares pursuant to the Second Share Placement during the period of 3 months after the General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

5.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Second Share Placement:

- (a) the maximum number of Shares to be issued is up to that number of Shares which, when multiplied by the issue price, equals \$7,000,000;
- (b) the Shares will be issued no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the issue price of the Shares will be not less than 80% of the average market price for Shares calculated over the 5 days on which sales in the Shares are recorded before the day on which the issue is made or, if there is a prospectus, over the last 5 days on which sales in the securities were recorded before the date the prospectus is signed;
- (d) the Directors will determine to whom the Shares will be issued, however, these persons will not be related parties of the Company;

- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the Second Share Placement towards the 2nd deferred payment for the acquisition of the North West Zhetybai oilfield.

6. RESOLUTION 6 – SECOND OPTION PLACEMENT

6.1 General

Resolution 6 seeks Shareholder approval for the allotment and issue of up to that number of Placement Options equal to the number of Shares issued pursuant to Resolution 5 (**Second Option Placement**).

None of the subscribers pursuant to this issue will be related parties of the Company.

A summary of ASX Listing Rule 7.1 is set out in Section 1.1 above.

The effect of Resolution 6 will be to allow the Directors to issue the Placement Options pursuant to the Second Option Placement during the period of 3 months after the General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

6.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Second Option Placement:

- (a) the maximum number of Placement Options to be granted is that number of Placement Options equal to the number of Shares issued pursuant to Resolution 5;
- (b) the Placement Options will be issued no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the Placement Options will be issued at a minimum price of 0.1 cents per Placement Option. The issue of the Placement Options will be subject to the prevailing Share price. The Company therefore wishes to retain the flexibility to issue the Placement Options for 0.1 cents each or to seek to maximise funds raised from the issue of the Placement Options by issuing at a higher issue price;
- (d) the Directors will determine to whom the Placement Options will be issued but these persons will not be related parties of the Company;
- (e) the Placement Options will be issued on the terms and conditions set out in Schedule 2; and
- (f) in the event funds are raised from the Second Option Placement that amount will be used for working capital purposes.

7. RESOLUTION 7 – ISSUE OF SHARES TO DIRECTOR – ERKIN SVANBAYEV

7.1 General

The Company has agreed, subject to obtaining Shareholder approval, to allot and issue a total of 5,000,000 Shares to Erkin Svanbayev on the terms and conditions set out below.

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

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

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

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

The issue of the Shares to Erkin Svanbayev requires the Company to obtain Shareholder approval because the issue of Shares constitutes giving a financial benefit and as a Director Erkin Svanbayev is a related party of the Company.

It is the view of the Directors that the exceptions set out in Sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of Shares to Erkin Svanbayev.

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

Pursuant to and in accordance with the requirements of Sections 217 to 227 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of Shares to Erkin Svanbayev:

- (a) the related party is Erkin Svanbayev and he is a related party by virtue of being a Director;
- (b) the maximum number of Shares (being the nature of the financial benefit being provided) to be issued to Erkin Svanbayev is 5,000,000 Shares;
- (c) the Shares will be issued to Erkin Svanbayev no later than 1 month after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Shares will be issued on one date;
- (d) the Shares will be issued for nil cash consideration, accordingly no funds will be raised;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the value of the Shares based on the last price Shares were traded on ASX prior to the date of this Notice of Meeting is \$320,000;

- (g) the relevant interests of Erkin Svanbayev in securities of the Company are: nil Shares, 2,000,000 unlisted Options exercisable at 20 cents each on or before 31 December 2008 and 10,000,000 listed Options exercisable at 8 cents each on or before 30 June 2010;
- (h) the remuneration and emoluments from the Company to Erkin Svanbayev for both the current financial year and previous financial year are \$150,000 and \$125,978 respectively.
- (i) if the Shares are issued to Erkin Svanbayev this will increase the number of Shares on issue from 356,860,189 to 361,860,189 (assuming that no existing Options are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by 1.4%;
- (j) the trading history of the Shares on ASX in the 12 months before the date of this Notice of General Meeting is set out below:

	Price	Date
Highest	19 cents	26 & 29 October 2007
Lowest	5 cents	8 April 2008
Last	6.4 cents	9 September 2008

- (k) the primary purpose of the issue of Shares to Erkin Svanbayev is to provide cost effective consideration to Erkin Svanbayev for his ongoing commitment and contribution to the Company in his role as Director and as the principal contact point for the Company in Kazakhstan. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Shares upon the terms proposed;
- (l) Erkin Svanbayev 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 Erkin Svanbayev) is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution.

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

8. ENQUIRIES

Shareholders are required to contact either Geoff Gander or Scott Mison on (+ 61 8) 9322 8222 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

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

Company means Jupiter Energy Limited (ACN 084 918 481).

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

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

First Option Placement means the issue of Placement Options pursuant to Resolution 4.

First Share Placement means the issue of Shares pursuant to Resolution 3.

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

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

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

Optionholder means a holder of an Option or Placement Option as the context requires.

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

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

Second Option Placement means the issue of Placement Options pursuant to Resolution 6.

Second Share Placement means the issue of Shares pursuant to Resolution 5.

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

Shareholder means a holder of a Share.

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

SCHEDULE 1 – TERMS AND CONDITIONS OF OPTIONS

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

- (a) Each Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each Option, the Optionholder must exercise the Options in accordance with the terms and conditions of the Options.
- (b) Subject to paragraph (e) the Options will vest in the following amounts at the following times:

Optionholder	13 June 2009	13 June 2010
Ole Udsen	2,500,000	7,500,000
Keith Martens	2,500,000	7,500,000
Sergey Sinitsin	2,500,000	7,500,000

provided that the Optionholder is engaged by the Company as an employee or consultant at the time of vesting.

- (c) The Options will expire at 5:00 pm (WST) on 30 June 2011 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
 - (d) The amount payable upon exercise of each Option will be \$0.08 (**Exercise Price**).
 - (e) If the Optionholder's engagement with the Company is terminated for any reason other than the Optionholder's failure to perform his obligations under his engagement, all of the Options shall immediately vest.
 - (f) Until the Options have vested in accordance with paragraph (b) or (e), the Optionholder will not do any of the following:
 - (i) exercise or agree to exercise the Options;
 - (ii) create, or agree or offer to create any security interest in the Options; or
 - (iii) do, or omit to do, any act if the act or omission would have the effect of transferring ownership or effective control of the Options.
 - (g) The 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.
 - (h) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;
- (Exercise Notice).**
- (i) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.

- (j) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (k) The Options are not transferable.
- (l) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (m) The Company will not apply for quotation of the Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (n) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (o) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (p) In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Options, the exercise price of the Options may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.
- (q) In the event the Company proceeds with a bonus issue of securities to Shareholders after the date of issues of the Options, the number of securities over which an Option is exercisable may be increased by the number of securities which the Optionholder would have received if the Option had been exercised before the record date for the bonus issue.

SCHEDULE 2 – TERMS AND CONDITIONS OF PLACEMENT OPTIONS

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

- (a) Each Placement Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each Placement Option, the Optionholder must exercise the Placement Options in accordance with the terms and conditions of the Placement Options.
- (b) The Placement Options will expire at 5:00 pm (WST) on 30 June 2010 (**Expiry Date**). Any Placement Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Placement Option will be \$0.08 (**Exercise Price**).
- (d) An Optionholder may exercise their Placement Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Placement Options specifying the number of Placement Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Placement 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 Placement Options specified in the Exercise Notice.
- (g) Subject to the Corporations Act, the ASX Listing rules and the Constitution, the Placement Options are freely transferable.
- (h) All Shares allotted upon the exercise of Placement Options will upon allotment rank pari passu in all respects with other Shares.
- (i) The Company will apply for quotation of the Placement Options on ASX. The Company will also apply for quotation on ASX of all Shares allotted pursuant to the exercise of Placement Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (j) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (k) There are no participating rights or entitlements inherent in the Placement Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Placement 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 Optionholders the opportunity to exercise their Placement Options prior to the date for determining entitlements to participate in any such issue.

- (l) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.