

# MOUNT BURGESS MINING N.L.

A.C.N. 009 067 476

## NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of the Company will be held at: **Cliftons, Ground Floor, Parmelia House, 191 St. Georges Terrace, Perth, Western Australia at 3 p.m. on Friday 11 June 2004.**

### BUSINESS

#### SECTION A: GRANT OF OPTIONS PURSUANT TO COMPANY'S EMPLOYEE SHARE PLAN

For the purpose of Resolutions 1 and 2:

- an Explanatory Statement is attached to this notice; and
- the following terms have the following meanings:

**"Employee Share Option Plan"** means the Company's Employee Share Option Plan summarised in the Explanatory Statement and tabled at the meeting; and

**"Options"** means the Options described in the Employee Share Option Plan and summarised in paragraph 5(d) of the Explanatory Statement and in paragraph 2(b) of the Summary of the Plan set out at the end of the Explanatory Statement.

#### Resolution 1. Grant of Options to a Director

To consider and if thought fit pass the following resolution:

that the Directors be authorized to grant the following number of Options, from the Company's Employee Share Option Plan, to the Director named below if that Director applies for the grant of the Options pursuant to the said Plan.

Alfred Patrick Stirling                      500,000 Options

(Any votes cast on the resolution by the Directors of the Company, and if ASX has expressed an opinion under listing rule 10.14.3 that approval is required for participation in the Employee Share Option Plan by anyone else, that person (or an associate of that person) shall be disregarded. 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, in accordance with a direction on the proxy form to vote as the proxy decides.)

#### Resolution 2. Grant of Options to Jan Forrester

To consider and if thought fit pass the following resolution:

the Directors be authorized to grant the following number of Options, from the Company's Employee Share Option Plan, to the Eligible Employee named below if that employee applies for the grant of the Options pursuant to the said Plan.

Jan Forrester                                      250,000 Options

(Any votes cast on the resolution by a Director of the Company, and if ASX has expressed an opinion under listing rule 10.14.3 that approval is required for participation in the Employee Share Option Plan by anyone else, that person (or an associate of that person) shall be disregarded. 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, in accordance with a direction on the proxy form to vote as the proxy decides.)

**SECTION B: APPROVAL OF SHARE PLACEMENTS PURSUANT TO LISTING RULE 7.1**

**Resolution 3. Approval of Share Placement announced on 22 October 2003**

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

that the placement as announced to the Australian Stock Exchange on 22 October 2003 of 6,000,000 ordinary shares, which rank pari passu with existing shares to:

Citicorp Nominees Ltd	3,500,000
Commonwealth Custodial Services	1,000,000
ANZ Nominees Ltd	750,000
Grimwood Davies Ltd	750,000

at a value of \$0.14 per share to raise the Company \$840,000 be approved.

Funds from the placement to be applied to geophysical programmes, drilling and working capital.

(The Company will disregard any votes cast on the resolution by Citicorp Nominees, Commonwealth Custodial Services Ltd, ANZ Nominees Ltd and Grimwood Davies Ltd and their associates. However, the Company need not disregard a vote if 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 4. Approval of Share Placement announced on 13 February 2004.**

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

that the placement as announced to the Australian Stock Exchange on 13 February 2004 of 7,000,000 ordinary shares, which rank pari passu with existing shares, to:

Citicorp Nominees	2,000,000
L-R Global Fund Ltd	1,500,000
J P Morgan Nominees Australia Ltd	1,300,000
ANZ Nominees Limited	1,200,000
National Nominees Ltd	1,000,000

at a value of \$0.10 per share to raise the Company \$700,000 be approved.

Funds from the placement to be applied to geophysical programmes, drilling and working capital.

(The Company will disregard any votes cast on the resolution by Citicorp Nominees, L-R Global Fund Ltd, J P Morgan Nominees Australia Ltd, ANZ Nominees Ltd and National Nominees Ltd and their associates. However, the Company need not disregard a vote if 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.)

## **Voting Entitlement**

The Board has determined that a shareholder's voting entitlement at the meeting will be taken to be the entitlement of that person shown in the register of members as at 5 p.m. on Wednesday 9 June 2004.

## **Proxies**

A Proxy Form accompanies this notice and to be effective must be received at the Company's Registered Office,

Level 5, 178 St. Georges Terrace,  
Perth,  
Western Australia

or faxed to the Company on 61 89322 4607 no later than 3 p.m. on Wednesday 9 June 2004.

By order of the Board of Directors

Dated this the 6th day of May 2004.

**Jan Forrester**  
**Company Secretary**

## EXPLANATORY STATEMENT

This Explanatory Statement is provided to the shareholders of Mount Burgess Mining N.L. pursuant to and in satisfaction of Sections 208, 218 and 219 of the Corporations Act and Sections 10.11, 10.12, 10.14 and 10.15 of the Listing Rules. This Explanatory Statement is intended to be read in conjunction with the Notice of Meeting.

By Resolutions 1 & 2 the Company is proposing to offer to grant Options under the Company's Share Employee Option Plan to Mr Stirling, a director and to Mrs Forrester the Company Secretary and who is also the wife of Mr Forrester, the Company's Chairman and Managing Director. By virtue of Listing Rule 10.11 and exception 4 of Listing Rule 10.12 the Company must not issue Options to either Mr Stirling or Mrs Forrester without the approval of the Company's shareholders. By virtue of Listing Rule 10.14, the Notice of Meeting seeking the approval of the Company's shareholders must include the matters set out in Listing Rule 10.15.

### RESOLUTIONS 1 AND 2.

#### Grant of Options to a Director and to Mrs Jan Forrester

1. The object of the Employee Share Option Plan ("Plan") is to reward past services and contributions of Eligible Employees and also to assist in the recruitment, retention, incentive and motivation of Eligible Employees of the Company. A Summary of the Plan is set out at the end of this statement. Any shareholder may inspect the Plan at the Company's office during normal business hours.
2. "Eligible Employees" is defined in the Plan to mean:
  - (a) a full or part time employee from time to time of the Company including Directors employed by the Company; and
  - (b) any non-executive director from time to time of the Company.
3. Mr Alfred Stirling is a non-executive Director of the Company and Mrs Jan Forrester is Company Secretary and the wife of Mr Nigel Forrester, the Chairman and Managing Director of the Company.
4. Each of Mr Stirling and Mrs Forrester is an Eligible Employee. Mr Stirling is a non-executive director of the Company and by virtue of section 10.14 of the ASX Listing Rules approval by shareholders in meeting is required for the grant of Options to him. Mrs Forrester is a full time employee of the Company whose relationship with Mr Forrester, the Chairman and Managing Director of the Company, is such that the approval of the Company's shareholders to the grant of the Options set out in Resolution 2 should, in the opinion of the ASX be obtained. Further under Section 208 of the Corporations Act the granting of Options to Mr Stirling and Mrs Forrester may constitute the giving of a financial benefit to a related party of the Company and prior shareholder approval in the manner set out in Sections 217 to 227 of the Corporations Act is required.

The names of all persons referred to in Rule 10.14 entitled to participate in the Plan are:

Nigel Forrester  
Jan Forrester  
Ronald William O'Regan  
Alfred Patrick Stirling  
Godfrey Edward Taylor

5. To the extent that Resolutions 1 and 2 are passed the Options to be granted will be granted:
- (a) under the Plan;
  - (b) within one month of the passing of the Resolution;
  - (c) for no consideration;
  - (d) with an exercise price per Option equal to the greater of either:
    - (i) twenty five cents (25¢); or
    - (ii) eighty percent (80%) of the weighted average sale price of shares in the Company sold on the ASX during the five (5) business days prior to the date the Options are granted; and
  - (e) upon the terms and conditions the subject of Options set out in the Plan a summary of which terms and conditions are set out in paragraph 2(b) of the Summary of Plan attached to this Explanatory Statement.
6. The Options to be granted are in addition to each Director's/Officer's fees payable by the Company as follows:

Mr A P Stirling is paid an annual amount of \$20,000 non-executive Director's Fees and  
Mrs J Forrester's annual salary (including statutory superannuation) is \$68,000.

7. The following information is provided to shareholders in accordance with Section 219 of the Corporations Act and ASX Listing Rule 10.15 in relation to Resolutions 1 and 2.
- (a) **The related party to whom the proposed resolutions would permit the financial benefits to be given**

The Options will be granted to the following persons whose relationship with the Company is set out in paragraphs 3 and 4 of this statement:

Alfred Patrick Stirling  
Jan Forrester

**(b) The nature of the financial benefit**

The proposed financial benefit to be given is the grant from the Company's Plan of the following number of Options to each of the following persons:

<b>Name of Grantee</b>	<b>Number of Options</b>
Alfred Patrick Stirling	500,000
Jan Forrester	250,000

The terms and conditions of the Options are set out in the Plan and are summarised in paragraph 5(d) of this statement and in paragraph 2(b) of the Summary of the Plan.

**(c) Directors' recommendation**

Two of the Company's four directors, Mr Ronald O'Regan and Mr Godfrey Taylor, wish to make recommendations on the proposed resolutions.

Messrs O'Regan and Taylor recommend that shareholders vote for Resolution 1 and 2 as it is Company Policy to reward past services and contributions of Eligible Employees and also to assist in the recruitment, retention, incentive and motivation of Eligible Employees of the Company.

The remaining directors of the Company, Mr Alfred Stirling and Mr Nigel Forrester felt it was inappropriate to make any recommendation about the proposed Resolutions 1 and 2, since Mr Stirling has a material interest in the outcome of Resolution 1 and Mr Forrester may be perceived to have a material interest in the outcome of Resolution 2.

**(d) Directors interest in the outcome of the proposed resolution.**

If the proposed resolutions are passed Mr Stirling, a non-executive Director, and Mrs Forrester, the wife of Chairman and Managing Director, Mr Nigel Forrester, will be invited to apply for the number of Options specified in the Resolutions in accordance with the Plan, and if they make application for the relevant number of Options, these Options will be granted.

**(f) All other information that is reasonably required by members in order to decide whether or not it is in the Company's interests to pass the proposed resolution; and is known to the Company or to any of its directors.**

As at 29 April 2004, the date of preparation of the explanatory statement, the Company's issued share capital stood at 125,000,000 shares.

If all of the Options proposed to be granted in accordance with Resolution 1 and 2 are exercised then the following would apply:

- the Company's issued shares would increase by 750,000,
- existing shareholders' holdings would be diluted by 0.6%
- the Company would receive \$187,500 in cash.

As at 29 April 2004, the date of preparation of the explanatory statement, the following unlisted share options, all exercisable at 25 cents per option and all issued pursuant to the Plan, exist.

1,950,000 options expiring 31 December 2005  
1,100,000 options expiring 31 December 2006  
100,000 options expiring 31 December 2007  
1,650,000 options expiring 31 December 2009

As at the date of this Explanatory Statement, the imputed value of the Options proposed to be issued to Mr Stirling and Mrs Jan Forrester arising from the

application of the Black-Scholes option pricing model and using the following assumptions is \$0.019.

Underlying spot security price	\$0.085
Exercise price	\$0.25
Issue date	29/04/04 – date of preparation of notice
Expiry date	31/12/09
Risk free rate	5.56%
Standard deviation of returns (annualised)	55.4%

The Company will not be subject to Fringe Benefits Tax in the event Resolutions 1 and 2 are approved and the relevant Options are granted.

The proposed grantees' current shareholdings/option holdings in the Company **including any associate** are listed below.

#### **Fully Paid Ordinary Shares**

Alfred Patrick Stirling	7,320,000
Jan Forrester	11,648,346

#### **Unlisted/Unquoted Employee Share Options**

Alfred Patrick Stirling	nil
Jan Forrester	750,000

The closing price of ordinary fully paid shares in the Company on the five trading days prior to the preparation of this Notice is set out below.

<b>Date</b>	<b>Closing Price</b>
22 April 2004	9 cents
23 April 2004	9 cents
26 April 2004	9 cents
27 April 2004	8.5 cents
28 April 2004	8.5 cents

From 27 April 2003 to 28 April 2004 the Company's shares have traded between a low of 5 cents and a high of 17 cents.

The maximum number of Options that can be granted to the persons set out in paragraph 7(a) of the Explanatory Statement is the number set out next to their respective names in paragraph 7(b) of this Statement if the Resolution relevant to that person is passed.

Mr Stirling has not previously been offered any securities under the Plan.

Approval by shareholders was granted in November 2000 to Mrs Forrester being offered 250,000 Options under the Plan. Mrs Forrester applied for those Options and they were granted to her and are exercisable at 25 cents per Option and have an expiry date of 31 December 2005.

Since the last approval in November 2000, no persons referred to in rule 10.14 of the Listing Rules have received Options under the Plan.

There are no loan conditions attached to the grant of the Options.

## SUMMARY OF PLAN

- 1 On the 21<sup>st</sup> day of September 2000, the Company adopted the Mount Burgess Mining NL Employee Share Option Plan ("Plan") to reward past services and contributions of Eligible Employees and also to assist in the recruitment, retention, incentive and motivation of Eligible Employees of the Company.
  
- 2 The main features of the Plan are:
  - (a) the directors are able, from time to time, to make offers in writing to Eligible Employees or nominees of Eligible Employees inviting them to apply for the grant of Options upon the terms and conditions outlined in the Plan;
  
  - (b) the material terms of the Options are:
    - (i) the Options will be issued at an issue price of \$0.00
  
    - (ii) each Option will entitle the holder to acquire one share in the capital of the Company at the Exercise Price;
  
    - (iii) the Options will expire at 5 pm on the 31<sup>st</sup> December of the year five years from the date of grant of the Options;
  
    - (iv) shares issued on the exercise of Options will rank pari passu with the then existing ordinary shares in the capital of the Company;
  
    - (v) the Exercise Price of an Option will be determined by the directors in their absolute discretion on or before the date that the directors invite Eligible Employees to apply for the Options but in no event will the Exercise Price be less than:
      - i. An exercise price approved by shareholders in meeting, or where the exercise price has not been approved by shareholders,
  
      - ii. 80% of the weighted average sale price of shares in the Company sold on the ASX during the five business day prior to the grant of the Option or such other period as determined by the directors;
  
    - (vi) the total number of Options that may be granted under the Plan will not exceed 5% of the granted capital of the Company;
  
    - (vii) the directors may from time to time, by resolution amend all or any provisions of the Plan but in so doing the directors must comply with any restrictions or procedural requirements under the Listing Rules for amending an Employee Incentive Scheme or for amending the terms of granted Options;
  
    - (viii) the Options will not be listed on the Australian Stock Exchange Limited for official quotation;
  
    - (ix) upon exercise of the Options the Company will make an application for quotation of the shares issued pursuant to the exercise of the Options to the Australian Stock Exchange Limited for official quotation;
  
    - (x) no Options will be granted until an application has been received by the Company from the relevant Eligible Employee in the form annexed to the Plan or in such other form as the directors from time to time prescribe;

- (xi) an Option held by an Eligible Employee will immediately lapse upon its expiry date, upon a determination by the directors that the Eligible Employee has acted fraudulently, dishonestly or in breach of the Eligible Employee's obligations to the Company, the Eligible Employee ceasing to be an Eligible Employee and not exercising the Option within thirty (30) days following that event unless a longer period is otherwise determined by the directors or the expiry of any timeframe within which to exercise the Option reasonably agreed by the directors in the event of death, retrenchment, redundancy, retirement, permanent illness or permanent physical or mental incapacity of an Eligible Employee;
  - (xii) there are no participating rights or entitlements inherent in the Options and holders will not participate in any new issue of capital offered to shareholders of the Company during the currency of the Options;
  - (xiii) in the event of any reorganisation of capital of the Company, the rights of the option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reorganisation of capital at the time of reorganisation
- (c) the Plan will be administered by the directors; and
- (d) the Plan may at any time be terminated by resolution of the directors.

# MOUNT BURGESS MINING N.L.

A.C.N. 009 067 476

## PROXY FORM

Please return to:  
Company Secretary,  
C/o Advanced Share Registry Services,  
P O Box 6283,  
East Perth, Western Australia 6892  
or  
Level 7, 200 Adelaide Terrace, Perth;  
Western Australia, 6000

For the General Meeting of the Company to be held at Cliftons, Ground Floor, Parmelia House, 191 St. Georges Terrace, Perth, Western Australia at 3 p.m. on Friday 11 June 2004.

I/We \_\_\_\_\_  
of \_\_\_\_\_

being a Member/Members of Mount Burgess Mining N.L. hereby appoint \_\_\_\_\_

or failing him/her, the Chairman of the Company as my/our proxy to attend and vote for me/us on my/our behalf at the General Meeting of the Company to be held on Friday 11 June at 3 p.m. at Cliftons, Ground Floor, Parmelia House, 191 St. Georges Terrace, Perth, Western Australia and at any adjournment thereof.

The Chairman intends to vote in favour of the resolutions with respect to all undirected proxies given to him.

If you **do not** wish to direct your proxy how to vote, please place a mark in the box

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

### ITEM OF BUSINESS

Resolution Number	For	Against
1. Grant of Options to a Director.	<input type="checkbox"/>	<input type="checkbox"/>
2. Grant of Options to Mrs Jan Forrester	<input type="checkbox"/>	<input type="checkbox"/>
3. Approval of Share Placement announced on 22 October 2003	<input type="checkbox"/>	<input type="checkbox"/>
4. Approval of Share Placement announced on 13 February 2004	<input type="checkbox"/>	<input type="checkbox"/>

*See over for signing instructions:*

**This form must be signed by the member (in the case of a body corporate in the manner authorised by Section 127 (1) or (2) of the Corporations Law) or by an attorney of the member, as follows:**

Shareholder's Telephone Number : _____	Shareholder's Fax Number : _____
<b>Signature Of Shareholder(s)</b> (All joint holders must sign)	<b>Companies Only</b> - Executed in accordance with the Company's Constitution and the Corporations Law.
X _____ Signature                      Date	X _____ Sole Director and Sole Secretary                      Date
X _____ Signature                      Date	X _____                      X _____ Director                      Date                      Secretary                      Date
X _____ Signature                      Date	X _____                      X _____ Director                      Date                      Director                      Date
<b>Note:</b> If signed under Power of Attorney, a Certified Copy of the relevant Power of Attorney document must be exhibited to the Registry. The Attorney declares that he/she has had no notice of revocation of the Power of Attorney.	

### NOTES

A Shareholder of a Company who is entitled to attend and cast a vote at a meeting of the Company's members may appoint a person as the Shareholder's proxy to attend and vote for the Shareholder at the meeting.

The appointment may specify the proportion or number of votes that the proxy may exercise.

Each Shareholder may appoint a proxy. If the Shareholder is entitled to cast 2 or more votes at the meeting, they may appoint 2 proxies. If the Shareholder appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of the votes.

An instrument appointing a proxy:

- (i) shall be in writing under the hand of the appointor or of his attorney, or, if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney;
- (ii) may specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the resolution except as specified in the instrument;
- (iii) shall be deemed to confer authority to demand or join in demanding a poll;
- (iv) shall not be valid unless the original instrument and the power of attorney or other authority (if any) under which the instrument is signed (duly stamped where necessary) or a copy or facsimile which appears on its face to be an authentic copy of that proxy, power or authority, is or are deposited at or sent by facsimile transmission to the Registered Office, or deposited at or sent by facsimile transmission to such other place as is specified for that purpose in the notice convening the general meeting, no later than 48 hours prior to the time of the commencement of the general meeting in the place that the general meeting is being convened (or the resumption thereof if the general meeting is adjourned.)

\_\_\_\_\_