

# **NEXUS ENERGY LIMITED**

**ABN 64 058 818 278**

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## **NOTICE OF ANNUAL GENERAL MEETING**

**and**

## **EXPLANATORY MEMORANDUM**

**and**

## **PROXY FORM**

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Date of Meeting: 30 November 2006  
Time of Meeting: 11.00 am  
Place of Meeting: Garden Room 1, Crown Towers  
8 Whiteman Street, Southbank, Melbourne

*This Notice of Annual General Meeting and Explanatory Memorandum should be read in their entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.*

# NEXUS ENERGY LIMITED

ABN 64 058 818 278

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that an Annual General Meeting of shareholders of Nexus Energy Limited ABN 64 058 818 278 ("**Nexus**" or "**Company**") will be held at Garden Room 1, Crown Towers, 8 Whiteman Street, Southbank, Melbourne commencing at 11.00 am on 30th November 2006. The Explanatory Memorandum that accompanies and forms part of this Notice of Annual General Meeting describes the various matters to be considered.

### 1. **Financial Reports**

To receive the financial statements, Directors' report and Auditor's report for the Company and its controlled entities for the period ended 30 June 2006.

### 2. **Re-election of Director**

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

*“That Neil Philip, who retires in accordance with Article 17.1 of Nexus’ Constitution and being eligible offers himself for re-election, be re-elected as a Director.”*

### 3. **Re-election of Director**

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

*“That Michael Fowler, who retires in accordance with Article 17.1 of Nexus’ Constitution and being eligible offers himself for re-election, be re-elected as a Director.”*

### 4. **Remuneration Report**

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

*“That the remuneration report section of the Director's report for the Company for the year ended 30 June 2006 be adopted.”*

### 5. **Increase in Remuneration of Non-Executive Directors**

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

*“That for the purposes of Listing Rules 10.17 and pursuant to Article 20.1 of the Company’s Constitution and for all other purposes, the aggregate amount that may be paid to all non-executive directors’ in any 12 month period be increased from \$150,000 to \$400,000, to be divided amongst them as determined by the Board”.*

**Voting Exclusion Statement: The Company will disregard any votes cast on this resolution by any director of the Company or their associates.**

*However, the Company need not disregard a vote if:*

- *It is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or*
- *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. Approval for Issue of Options to Ian Z Tchacos**

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

*“That for the purposes of Listing Rules 7.1 and 10.11 and Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to allot and issue 1,800,000 Options exercisable at \$0.87 each on or before 31 October 2007 to acquire ordinary fully paid Shares in the capital of the Company to Ian Z Tchacos on the terms and conditions set out in the Explanatory Statement accompanying this notice with a vesting date of 30 November 2006, subject to resolution 6 being passed.”*

**Pursuant to Listing Rule 7.2 Exception 14, if shareholder approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1**

*Voting Exclusion Statement: The Company will disregard any votes cast on this resolution by any person who is eligible to receive an option in relation to the Company and any of their respective associates.*

*However, the Company need not disregard a vote if:*

- *It is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or*
- *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. Approval for Issue of Options to Neil Philip**

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

*“That for the purposes of Listing Rules 7.1 and 10.11 and Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to allot and issue 742,500 Options exercisable at \$0.87 each on or before 31 October 2007 to acquire ordinary fully paid Shares in the capital of the Company to Neil Philip on the terms and conditions set out in the Explanatory Statement accompanying this notice with a vesting date of 30 November 2006, subject to resolution 7 being passed.”*

**Pursuant to Listing Rule 7.2 Exception 14, if shareholder approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1**

*Voting Exclusion Statement: The Company will disregard any votes cast on this resolution by any person who is eligible to receive an option in relation to the Company and any of their respective associates.*

*However, the Company need not disregard a vote if:*

- *It is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or*
- *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.*

## 8. Approval for Issue of Options to Robert Boyson

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

*“That for the purposes of Listing Rules 7.1 and 10.11 and Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to allot and issue 742,500 Options exercisable at \$0.87 each on or before 31 October 2007 to acquire ordinary fully paid Shares in the capital of the Company to Robert Boyson on the terms and conditions set out in the Explanatory Statement accompanying this notice with a vesting date of 30 November 2006, subject to resolution 8 being passed.”*

**Pursuant to Listing Rule 7.2 Exception 14, if shareholder approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1**

*Voting Exclusion Statement: The Company will disregard any votes cast on this resolution by any person who is eligible to receive an option in relation to the Company and any of their respective associates.*

*However, the Company need not disregard a vote if:*

- *It is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or*
- *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.*

## 9. Approval for Issue of Options to Michael Fowler

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

*“That for the purposes of Listing Rules 7.1 and 10.11 and Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to allot and issue 742,500 Options exercisable at \$0.87 each on or before 31 October 2007 to acquire ordinary fully paid Shares in the capital of the Company to Michael Fowler on the terms and conditions set out in the Explanatory Statement accompanying this notice with a vesting date of 30 November 2006, subject to resolution 9 being passed.”*

**Pursuant to Listing Rule 7.2 Exception 14, if shareholder approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1**

*Voting Exclusion Statement: The Company will disregard any votes cast on this resolution by any person who is eligible to receive an option in relation to the Company and any of their respective associates.*

*However, the Company need not disregard a vote if:*

- *It is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or*
- *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.*

## **10. Approval for Issue of Options to Alastair Haydock**

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

*“That for the purposes of Listing Rules 7.1 and 10.11 and Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to allot and issue 742,500 Options exercisable at \$0.87 each on or before 31 October 2007 to acquire ordinary fully paid Shares in the capital of the Company to Alastair Haydock on the terms and conditions set out in the Explanatory Statement accompanying this notice with a vesting date of 30 November 2006, subject to resolution 10 being passed.”*

**Pursuant to Listing Rule 7.2 Exception 14, if shareholder approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1**

*Voting Exclusion Statement: The Company will disregard any votes cast on this resolution by any person who is eligible to receive an option in relation to the Company and any of their respective associates.*

*However, the Company need not disregard a vote if:*

- *It is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or*
- *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.*

**BY ORDER OF THE BOARD**

Neil Philip  
Chairman  
14 September 2006

# NEXUS ENERGY LIMITED

ABN 64 058 818 278

## EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of shareholders of Nexus Energy Limited ("Nexus" or "Company") in connection with the business to be conducted at the Annual General Meeting of shareholders to be held at Garden Room 1, Crown Towers, Level 1, 8 Whiteman Street, Southbank, Melbourne on 30 November 2006 at 11.00 am.

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

### 1. RE-ELECTION OF DIRECTOR – NEIL PHILIP

Neil Philip is required to retire under the director rotation provisions of Article 17.1 of the Company's Constitution. Neil Philip, being eligible, has offered himself for re-election as a Director.

### 2. RE-ELECTION OF DIRECTOR – MICHAEL FOWLER

Michael Fowler is required to retire under the director rotation provisions of Article 17.1 of the Company's Constitution. Michael Fowler, being eligible, has offered himself for re-election as a Director.

### 3. REMUNERATION REPORT

Under recent changes to the Corporations Act, a listed entity is now required to put to the vote a resolution that the remuneration report section of the director's report be adopted. This remuneration report can be found in the 2006 Annual Report sent to shareholders which accompanies the Notice of Meeting on pages 34 to 37. It sets out a range of matters relating to the remuneration of directors, executives and senior managers of the Company. A vote on this resolution is advisory only and does not bind the directors or the Company.

### 4. INCREASE IN REMUNERATION OF NON-EXECUTIVE DIRECTORS

Under the Company's Constitution fees payable to directors are determined by the Board within a maximum amount determined by shareholders in general meeting. Accordingly, an increase in this amount is required so that the Company can remunerate its directors in accordance with the Remuneration Committees peer review. Pursuant to Resolution 4, approval is being sought to increase the maximum amount that may be allocated between the non-executive directors from \$150,000 to \$400,000 per annum.

This increase in aggregate limit is sought to recognise increasing responsibility, risks and workloads on non-executive directors and to support improved disclosure by including total remuneration under the aggregate fee limit. No retirement benefits are payable to non-executive directors on their retirement from office.

### 5. ISSUE OF OPTIONS TO IAN Z TCHACOS

Resolution 5 seeks Shareholder approval for the Company to grant 1,800,000 Options to Ian Z Tchacos a Director of the Company.

Shareholder approval for the grant of the Options the subject of Resolution 5 is sought for the purposes of:

- Division 3 of Part 2E.1 of the Corporations Act – which governs the giving of financial benefits to “related parties” (e.g. directors of a company);

- Listing Rule 7.1 – which generally prohibits a company from issuing more than 15% of its capital within a 12 month period without shareholder approval; and
- Listing Rule 10.11 – which requires the grant of securities to a director of a company be approved by shareholders.

As part of the annual performance and remuneration review of all employees and directors for the year ending 30 June 2006, the Directors recommended the grant of 1,800,000 Options to Ian Z Tchacos. The exercise price of the Options is 87 cents per share and will expire on 31 October 2007. 50% of the options can only be exercised upon the achievement of the certain performance criteria that will be at the Boards discretion.

The policy for pricing of these Options was set by the board in May 2005 and is determined by taking a minimum 40% premium to the Volume Weighted Average Price (VWAP) of the Nexus Shares traded on the Australian Stock Exchange in June and July 2006. The price and terms of the Options are the same as those granted to other employees for the same review period. The pricing of the options was then ratified at a board meeting held on 14 September 2006.

The purpose of the proposed grant of Options is to honour remuneration agreements and to provide Ian Z Tchacos with added incentive in lieu of salary whilst enabling the Company to preserve its cash reserves for expenditure on its existing business. The number of Options proposed to be granted to Ian Z Tchacos has been determined on the basis that it is reasonable relative to the number of Options offered under the Company's Share Option Plan to other employees of the Company, having regard to their respective levels of seniority in the Company. The Options are being granted for no consideration. Consequently no funds will be raised as a result of the grant of the Options. A total of \$1,566,000 in additional Share capital would be raised if the Options were exercised in full.

Subject to Shareholder approval, the Options will be granted on the terms and conditions set out below in this Explanatory Statement.

Part 2E.1 of the Corporations Act prohibits the Company from giving a financial benefit to a related party (such as a director) unless either:

- the giving of the financial benefit falls within one of the nominated exceptions to the relevant provisions of the Corporations Act; or
- Shareholder approval is obtained prior to the giving of the financial benefit.

The proposed grant of Options to Ian Z Tchacos involves the provision of a financial benefit to a related party of the Company and, therefore, requires prior Shareholder approval.

In accordance with the requirements of Part 2E of the Corporations Act, and in particular sections 218 and 221, the following information is provided to Shareholders to allow them to assess the proposed grant of Options:

- (a) being a Director Ian Z Tchacos is a related party of the Company to whom the financial benefit would be given by virtue of Section 228(2)(a) of the Corporations Act;
- (b) the nature of the financial benefit to be given is the grant of Options on the terms set out below ;
- (c) those Directors who have no interest in the outcome of Resolution 5 (being all Directors other than Ian Z Tchacos) recommend that Shareholders vote in favour of Resolution 5 on the basis that the Options to be granted provide Ian Tchacos with an appropriate incentive in recognition of his great knowledge and experience in relevant industries;
- (d) Ian Tchacos makes no recommendation in relation to Resolution 5 on the basis that he has an interest in the outcome of the resolution;

- (e) the Options will be issued free of charge. Any funds raised from the exercise of the Options will be used for the Company's general working capital requirements. The exercise price and exercise dates for the Options are set out below in this Explanatory Statement. Based on a Black & Scholes valuation method, the Company estimates that each Option the subject of Resolution 5 has a value of \$0.0685 (\$123,300 in aggregate) on the date that the Options were determined to be issued being 1 September 2006.

This estimate is based on the following assumptions at the time that the price of the Options was determined on 30 June 2006 by the Nexus Board:

Exercise price	\$0.87
Market value of underlying Shares	\$0.62
Time to expiration of Option	1 year
Volatility	50 %
Risk free interest rate	5.86%
Annualised dividend yield	Nil

- (f) over the last 12 months, the lowest recorded price of Shares in SEATS trading on ASX was \$0.425 on 13 January 2006 and the highest was \$1.20 on 5 October 2006. At the close of trading on 4 October 2006, the Share price was \$1.06.
- (g) following the passing of Resolution 5 Ian Z Tchacos will hold an interest in 3,716,518 Shares and 3,800,000 Options:
- (h) Ian Tchacos is entitled to receive a remuneration package of \$385,500 per annum
- (i) the Company has 388,043,808 Shares and 16,904,300 Options on issue. Assuming that Ian Tchacos exercises all of the Options to be granted to him pursuant to Resolution 5, Ian Z Tchacos interest including the Shares and Options currently held will represent approximately 1.8% of the Company's diluted capital; and
- (j) neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision whether it is in the best interests of the Company to pass Resolution 5.

The following information is provided for the purposes of Listing Rules 7.1 and 10.11:

- (a) The name of the person who will be issued Options is Ian Z Tchacos.
- (b) Ian Z Tchacos will be issued 1,800,000 Options.
- (c) The Options will be issued within one month of Shareholder approval.
- (d) The Options are being issued for no consideration and therefore no funds will be raised pursuant to the issue of Options.
- (e) The terms and conditions of the Options are set out in below in this Explanatory Memorandum.

Terms and Conditions of the Options:

- Each Option entitles the holder to one Share in the Company
- 1,800,000 Options to be issued are exercisable at \$0.87 each
- The Options will expire on the 31 October 2007.
- The Options are exercisable by completing an Option exercise form and delivering it together with payment for the number of Shares in respect of the Options that are exercised to the registered office of the Company.

- 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
- All Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's issued Shares.
- The Company will apply for official quotation by the ASX of all Shares issued upon exercise of the Options.
- There are no participating rights or entitlements inherent in the options and the holders will not be entitled to participate in new Shares of capital offered to Shareholders during the currency of the Options. However, the Company will ensure, for the purposes of determining entitlements to any issue, that 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 issues

If at any time the issued capital of the Company is reconstructed, all rights of an Option Holder are to be changed in a manner consistent with the ASX listing rules.

## **6. ISSUE OF OPTIONS TO NEIL PHILIP**

Resolution 6 seeks Shareholder approval for the Company to grant 742,500 Options to Neil Philip a Director of the Company.

Shareholder approval for the grant of the Options the subject of Resolution 6 is sought for the purposes of:

- Division 3 of Part 2E.1 of the Corporations Act – which governs the giving of financial benefits to “related parties”, e.g. directors of a company;
- Listing Rule 7.1 – which generally prohibits a company from issuing more than 15% of its capital within a 12 month period without shareholder approval; and
- Listing Rule 10.11 – which requires the grant of securities to a director of a company be approved by shareholders.

As part of the annual performance and remuneration review of all employees and directors for the year ending 30 June 2006, the Directors recommended the grant of 742,500 Options to Neil Philip. The exercise price of the Options is 87 cents per share and will expire on 31 October 2007.

The policy for pricing of these Options was set by the board in May 2005 and is determined by taking a minimum 40% premium to the Volume Weighted Average Price (VWAP) of the Nexus Shares traded on the Australian Stock Exchange in June and July 2006. The price and terms of the Options are the same as those granted to other employees for the same review period. The pricing of the options was then ratified at a board meeting held on 14 September 2006.

The purpose of the proposed grant of Options is to honour remuneration agreements and to provide Neil Philip with added incentive in lieu of salary whilst enabling the Company to preserve its cash reserves for expenditure on its existing business. The number of Options proposed to be granted to Neil Philip has been determined on the basis that it is reasonable relative to the number of Options offered under the Company's Share Option Plan to other employees of the Company, having regard to their respective levels of seniority in the Company. The Options are being granted for no consideration. Consequently no funds will be raised as a result of the grant of the Options. A total of \$645,975 in additional Share capital would be raised if the Options were exercised in full.

Subject to Shareholder approval, the Options will be granted on the terms and conditions set out below in this Explanatory Statement.

Part 2E.1 of the Corporations Act prohibits the Company from giving a financial benefit to a related party (such as a director) unless either:

- the giving of the financial benefit falls within one of the nominated exceptions to the relevant provisions of the Corporations Act; or
- Shareholder approval is obtained prior to the giving of the financial benefit.

The proposed grant of Options to Neil Philip involves the provision of a financial benefit to a related party of the Company and, therefore, requires prior Shareholder approval.

In accordance with the requirements of Part 2E of the Corporations Act, and in particular sections 218 and 221, the following information is provided to Shareholders to allow them to assess the proposed grant of Options:

- (a) being a Director Neil Philip is a related party of the Company to whom the financial benefit would be given by virtue of Section 228(2)(a) of the Corporations Act;
- (b) the nature of the financial benefit to be given is the grant of Options on the terms set out below;
- (c) those Directors who have no interest in the outcome of Resolution 6 (being all Directors other than Neil Philip) recommend that Shareholders vote in favour of Resolution 6 on the basis that the Options to be granted provide Neil Philip with an appropriate incentive in recognition of his great knowledge and experience in relevant industries;
- (d) Neil Philip makes no recommendation in relation to Resolution 6 on the basis that he has an interest in the outcome of the resolution;
- (e) the Options will be issued free of charge. Any funds raised from the exercise of the Options will be used for the Company's general working capital requirements. The exercise price and exercise dates for the Options are set out below in this Explanatory Statement. Based on a Black & Scholes valuation method, the Company estimates that each Option the subject of Resolution 6 has a value of \$0.0685 (\$50,861 in aggregate) on the date that the Options were determined to be issued being 1 September 2006.

This estimate is based on the following assumptions at the time that the price of the Options was determined on 30 June 2006 by the Nexus Board:

Exercise price	\$0.87
Market value of underlying Shares	\$0.62
Time to expiration of Option	1 year
Volatility	50 %
Risk free interest rate	5.86%
Annualised dividend yield	Nil

- (f) over the last 12 months, the lowest recorded price of Shares in SEATS trading on ASX was \$0.425 on 13 January 2006 and the highest was \$1.20 on 5 October 2006. At the close of trading on 4 October 2006, the Share price was \$1.06.
- (g) following the passing of Resolution 6 Neil Philip will hold an interest in 5,458,000 Shares and 742,500 Options:
- (h) subject to the passing of Resolution 4, Mr Philip is entitled to receive directors fees of \$45,000 per annum

- (i) the Company has 388,043,808 Shares and 16,904,300 Options on issue. Assuming that Neil Philip exercises all of the Options to be granted to him pursuant to Resolution 6, Neil Philip interest including the Shares and Options currently held will represent approximately 1.5% of the Company's diluted capital; and
- (j) neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision whether it is in the best interests of the Company to pass Resolution 6.

The following information is provided for the purposes of Listing Rules 7.1 and 10.11:

- (a) The name of the person who will be issued Options is Neil Philip.
- (b) Neil Philip will be issued 742,500 Options.
- (c) The Options will be issued within one month of Shareholder approval.
- (d) The Options are being issued for no consideration and therefore no funds will be raised pursuant to the issue of Options.
- (e) The terms and conditions of the Options are set out in below in this Explanatory Memorandum.

Terms and Conditions of the Options:

- Each Option entitles the holder to one Share in the Company
- 742,500 Options to be issued are exercisable at \$0.87 each
- The Options will expire on the 31 October 2007.
- The Options are exercisable by completing an Option exercise form and delivering it together with payment for the number of Shares in respect of the Options that are exercised to the registered office of the Company.
- 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
- All Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's issued Shares.
- The Company will apply for official quotation by the ASX of all Shares issued upon exercise of the Options.
- There are no participating rights or entitlements inherent in the options and the holders will not be entitled to participate in new Shares of capital offered to Shareholders during the currency of the Options. However, the Company will ensure, for the purposes of determining entitlements to any issue, that 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 issues

If at any time the issued capital of the Company is reconstructed, all rights of an Option Holder are to be changed in a manner consistent with the ASX listing rules.

## **7. ISSUE OF OPTIONS TO ROBERT BOYSON**

Resolution 7 seeks Shareholder approval for the Company to grant 742,500 Options to Robert Boyson a Director of the Company.

Shareholder approval for the grant of the Options the subject of Resolution 7 is sought for the purposes of:

- Division 3 of Part 2E.1 of the Corporations Act – which governs the giving of financial benefits to “related parties”, e.g. directors of a company;
- Listing Rule 7.1 – which generally prohibits a company from issuing more than 15% of its capital within a 12 month period without shareholder approval; and
- Listing Rule 10.11 – which requires the grant of securities to a director of a company be approved by shareholders.

As part of the annual performance and remuneration review of all employees and directors for the year ending 30 June 2006, the Directors recommended the grant of 742,500 Options to Robert Boyson. The exercise price of the Options is 87 cents per share and will expire on 31 October 2007.

The policy for pricing of these Options was set by the board in May 2005 and is determined by taking a minimum 40% premium to the Volume Weighted Average Price (VWAP) of the Nexus Shares traded on the Australian Stock Exchange in June and July 2006. The price and terms of the Options are the same as those granted to other employees for the same review period. The pricing of the options was then ratified at a board meeting held on 14 September 2006.

The purpose of the proposed grant of Options is to honour remuneration agreements and to provide Robert Boyson with added incentive in lieu of salary whilst enabling the Company to preserve its cash reserves for expenditure on its existing business. The number of Options proposed to be granted to Robert Boyson has been determined on the basis that it is reasonable relative to the number of Options offered under the Company’s Share Option Plan to other employees of the Company, having regard to their respective levels of seniority in the Company. The Options are being granted for no consideration. Consequently no funds will be raised as a result of the grant of the Options. A total of \$645,975 in additional Share capital would be raised if the Options were exercised in full.

Subject to Shareholder approval, the Options will be granted on the terms and conditions set out below in this Explanatory Statement.

Part 2E.1 of the Corporations Act prohibits the Company from giving a financial benefit to a related party (such as a director) unless either:

- the giving of the financial benefit falls within one of the nominated exceptions to the relevant provisions of the Corporations Act; or
- Shareholder approval is obtained prior to the giving of the financial benefit.

The proposed grant of Options to Robert Boyson involves the provision of a financial benefit to a related party of the Company and, therefore, requires prior Shareholder approval.

In accordance with the requirements of Part 2E of the Corporations Act, and in particular sections 218 and 221, the following information is provided to Shareholders to allow them to assess the proposed grant of Options:

- (a) being a Director Robert Boyson is a related party of the Company to whom the financial benefit would be given by virtue of Section 228(2)(a) of the Corporations Act;
- (b) the nature of the financial benefit to be given is the grant of Options on the terms set out below ;
- (c) those Directors who have no interest in the outcome of Resolution 7 (being all Directors other than Robert Boyson) recommend that Shareholders vote in favour of Resolution 7 on the basis that the Options to be granted provide Robert Boyson with an appropriate incentive in recognition of his great knowledge and experience in relevant industries;

- (d) Robert Boyson makes no recommendation in relation to Resolution 7 on the basis that he has an interest in the outcome of the resolution;
- (e) the Options will be issued free of charge. Any funds raised from the exercise of the Options will be used for the Company's general working capital requirements. The exercise price and exercise dates for the Options are set out below in this Explanatory Statement. Based on a Black & Scholes valuation method, the Company estimates that each Option the subject of Resolution 7 has a value of \$0.0685 (\$50,861 in aggregate) on the date that the Options were determined to be issued being 1 September 2006.

This estimate is based on the following assumptions at the time that the price of the Options was determined on 30 June 2006 by the Nexus Board:

Exercise price	\$0.87
Market value of underlying Shares	\$0.62
Time to expiration of Option	1 year
Volatility	50 %
Risk free interest rate	5.86%
Annualised dividend yield	Nil

- (f) over the last 12 months, the lowest recorded price of Shares in SEATS trading on ASX was \$0.425 on 13 January 2006 and the highest was \$1.20 on 5 October 2006. At the close of trading on 4 October 2006, the Share price was \$1.06.
- (g) following the passing of Resolution 7 Robert Boyson will hold an interest in 2,276,500 Shares and 742,500 Options:
- (h) subject to the passing of Resolution 4, Robert Boyson is entitled to receive directors fees of \$25,000 per annum
- (i) the Company has 388,043,808 Shares and 16,904,300 Options on issue. Assuming that Robert Boyson exercises all of the Options to be granted to him pursuant to Resolution 7, Robert Boyson interest including the Shares and Options currently held will represent approximately 0.7% of the Company's diluted capital; and
- (j) neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision whether it is in the best interests of the Company to pass Resolution 7.

The following information is provided for the purposes of Listing Rules 7.1 and 10.11:

- (a) The name of the person who will be issued Options is Robert Boyson.
- (b) Robert Boyson will be issued 742,500 Options.
- (c) The Options will be issued within one month of Shareholder approval.
- (d) The Options are being issued for no consideration and therefore no funds will be raised pursuant to the issue of Options.
- (e) The terms and conditions of the Options are set out in below in this Explanatory Memorandum.

Terms and Conditions of the Options:

- Each Option entitles the holder to one Share in the Company
- 742,500 Options to be issued are exercisable at \$0.87 each
- The Options will expire on the 31 October 2007.

- The Options are exercisable by completing an Option exercise form and delivering it together with payment for the number of Shares in respect of the Options that are exercised to the registered office of the Company.
- 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
- All Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's issued Shares.
- The Company will apply for official quotation by the ASX of all Shares issued upon exercise of the Options.
- There are no participating rights or entitlements inherent in the options and the holders will not be entitled to participate in new Shares of capital offered to Shareholders during the currency of the Options. However, the Company will ensure, for the purposes of determining entitlements to any issue, that 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 issues

If at any time the issued capital of the Company is reconstructed, all rights of an Option Holder are to be changed in a manner consistent with the ASX listing rules.

## **8. ISSUE OF OPTIONS TO MICHAEL FOWLER**

Resolution 8 seeks Shareholder approval for the Company to grant 742,500 Options to Michael Fowler a Director of the Company.

Shareholder approval for the grant of the Options the subject of Resolution 8 is sought for the purposes of:

- Division 3 of Part 2E.1 of the Corporations Act – which governs the giving of financial benefits to “related parties”, e.g. directors of a company;
- Listing Rule 7.1 – which generally prohibits a company from issuing more than 15% of its capital within a 12 month period without shareholder approval; and
- Listing Rule 10.11 – which requires the grant of securities to a director of a company be approved by shareholders.

As part of the annual performance and remuneration review of all employees and directors for the year ending 30 June 2006, the Directors recommended the grant of 742,500 Options to Michael Fowler. The exercise price of the Options is 87 cents per share and will expire on 31 October 2007.

The policy for pricing of these Options was set by the board in May 2005 and is determined by taking a minimum 40% premium to the Volume Weighted Average Price (VWAP) of the Nexus Shares traded on the Australian Stock Exchange in June and July 2006. The price and terms of the Options are the same as those granted to other employees for the same review period. The pricing of the options was then ratified at a board meeting held on 14 September 2006.

The purpose of the proposed grant of Options is to honour remuneration agreements and to provide Michael Fowler with added incentive in lieu of salary whilst enabling the Company to preserve its cash reserves for expenditure on its existing business. The number of Options proposed to be granted to Michael Fowler has been determined on the basis that it is reasonable relative to the number of Options offered under the Company's Share Option Plan to other employees of the Company, having regard to their respective levels of seniority in the Company. The Options are being granted for no consideration. Consequently no funds will be raised as a result of the grant of the Options. A total of \$645,975 in additional Share capital would be raised if the Options were exercised in full.

Subject to Shareholder approval, the Options will be granted on the terms and conditions set out below in this Explanatory Statement.

Part 2E.1 of the Corporations Act prohibits the Company from giving a financial benefit to a related party (such as a director) unless either:

- the giving of the financial benefit falls within one of the nominated exceptions to the relevant provisions of the Corporations Act; or
- Shareholder approval is obtained prior to the giving of the financial benefit.

The proposed grant of Options to Michael Fowler involves the provision of a financial benefit to a related party of the Company and, therefore, requires prior Shareholder approval.

In accordance with the requirements of Part 2E of the Corporations Act, and in particular sections 218 and 221, the following information is provided to Shareholders to allow them to assess the proposed grant of Options:

- (a) being a Director Michael Fowler is a related party of the Company to whom the financial benefit would be given by virtue of Section 228(2)(a) of the Corporations Act;
- (b) the nature of the financial benefit to be given is the grant of Options on the terms set out below;
- (c) those Directors who have no interest in the outcome of Resolution 8 (being all Directors other than Michael Fowler) recommend that Shareholders vote in favour of Resolution 8 on the basis that the Options to be granted provide Michael Fowler with an appropriate incentive in recognition of his great knowledge and experience in relevant industries;
- (d) Michael Fowler makes no recommendation in relation to Resolution 8 on the basis that he has an interest in the outcome of the resolution;
- (e) the Options will be issued free of charge. Any funds raised from the exercise of the Options will be used for the Company's general working capital requirements. The exercise price and exercise dates for the Options are set out below in this Explanatory Statement. Based on a Black & Scholes valuation method, the Company estimates that each Option the subject of Resolution 8 has a value of \$0.0685 (\$50,861 in aggregate) on the date that the Options were determined to be issued being 1 September 2006.

This estimate is based on the following assumptions at the time that the price of the Options was determined on 30 June 2006 by the Nexus Board:

Exercise price	\$0.87
Market value of underlying Shares	\$0.62
Time to expiration of Option	1 year
Volatility	50 %
Risk free interest rate	5.86%
Annualised dividend yield	Nil

- (f) over the last 12 months, the lowest recorded price of Shares in SEATS trading on ASX was \$0.425 on 13 January 2006 and the highest was \$1.20 on 5 October 2006. At the close of trading on 4 October 2006, the Share price was \$1.06.
- (g) following the passing of Resolution 8 Michael Fowler will hold an interest in 2,382,004 Shares and 742,500 Options.
- (h) subject to the passing of Resolution 4, Michael Fowler is entitled to receive directors fees of \$25,000 per annum.

- (i) the Company has 388,043,808 Shares and 16,904,300 Options on issue. Assuming that Michael Fowler exercises all of the Options to be granted to him pursuant to Resolution 8, Michael Fowler's interest including the Shares and Options currently held will represent approximately 0.8% of the Company's diluted capital; and
- (j) neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision whether it is in the best interests of the Company to pass Resolution 8.

The following information is provided for the purposes of Listing Rules 7.1 and 10.11:

- (a) The name of the person who will be issued Options is Michael Fowler.
- (b) Michael Fowler will be issued 742,500 Options.
- (c) The Options will be issued within one month of Shareholder approval.
- (d) The Options are being issued for no consideration and therefore no funds will be raised pursuant to the issue of Options.
- (e) The terms and conditions of the Options are set out in below in this Explanatory Memorandum.

Terms and Conditions of the Options:

- Each Option entitles the holder to one Share in the Company
- 742,500 Options to be issued are exercisable at \$0.87 each
- The Options will expire on the 31 October 2007.
- The Options are exercisable by completing an Option exercise form and delivering it together with payment for the number of Shares in respect of the Options that are exercised to the registered office of the Company.
- 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
- All Shares issued upon exercise of the Options will rank *pari passu* in all respects with the Company's issued Shares.
- The Company will apply for official quotation by the ASX of all Shares issued upon exercise of the Options.
- There are no participating rights or entitlements inherent in the options and the holders will not be entitled to participate in new Shares of capital offered to Shareholders during the currency of the Options. However, the Company will ensure, for the purposes of determining entitlements to any issue, that 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 issues

If at any time the issued capital of the Company is reconstructed, all rights of an Option Holder are to be changed in a manner consistent with the ASX listing rules

## **9. ISSUE OF OPTIONS TO ALASTAIR HAYDOCK**

Resolution 9 seeks Shareholder approval for the Company to grant 742,500 Options to Alastair Haydock a Director of the Company.

Shareholder approval for the grant of the Options the subject of Resolution 9 is sought for the purposes of:

- Division 3 of Part 2E.1 of the Corporations Act – which governs the giving of financial benefits to “related parties”, e.g. directors of a company;
- Listing Rule 7.1 – which generally prohibits a company from issuing more than 15% of its capital within a 12 month period without shareholder approval; and
- Listing Rule 10.11 – which requires the grant of securities to a director of a company be approved by shareholders.

As part of the annual performance and remuneration review of all employees and directors for the year ending 30 June 2006, the Directors recommended the grant of 742,500 Options to Alastair Haydock. The exercise price of the Options is 87 cents per share and will expire on 31 October 2007.

The policy for pricing of these Options was set by the board in May 2005 and is determined by taking a minimum 40% premium to the Volume Weighted Average Price (VWAP) of the Nexus Shares traded on the Australian Stock Exchange in June and July 2006. The price and terms of the Options are the same as those granted to other employees for the same review period. The pricing of the options was then ratified at a board meeting held on 14 September 2006.

The purpose of the proposed grant of Options is to honour remuneration agreements and to provide Alastair Haydock with added incentive in lieu of salary whilst enabling the Company to preserve its cash reserves for expenditure on its existing business. The number of Options proposed to be granted to Alastair Haydock has been determined on the basis that it is reasonable relative to the number of Options offered under the Company’s Share Option Plan to other employees of the Company, having regard to their respective levels of seniority in the Company. The Options are being granted for no consideration. Consequently no funds will be raised as a result of the grant of the Options. A total of \$645,975 in additional Share capital would be raised if the Options were exercised in full.

Subject to Shareholder approval, the Options will be granted on the terms and conditions set out below in this Explanatory Statement.

Part 2E.1 of the Corporations Act prohibits the Company from giving a financial benefit to a related party (such as a director) unless either:

- the giving of the financial benefit falls within one of the nominated exceptions to the relevant provisions of the Corporations Act; or
- Shareholder approval is obtained prior to the giving of the financial benefit.

The proposed grant of Options to Alastair Haydock involves the provision of a financial benefit to a related party of the Company and, therefore, requires prior Shareholder approval.

In accordance with the requirements of Part 2E of the Corporations Act, and in particular sections 218 and 221, the following information is provided to Shareholders to allow them to assess the proposed grant of Options:

- (a) being a Director Alastair Haydock is a related party of the Company to whom the financial benefit would be given by virtue of Section 228(2)(a) of the Corporations Act;
- (b) the nature of the financial benefit to be given is the grant of Options on the terms set out below;
- (c) those Directors who have no interest in the outcome of Resolution 9 (being all Directors other than Alastair Haydock) recommend that Shareholders vote in favour of Resolution 9 on the basis that the Options to be granted provide Alastair Haydock with an appropriate incentive in recognition of his great knowledge and experience in relevant industries;

- (d) Alastair Haydock makes no recommendation in relation to Resolution 9 on the basis that he has an interest in the outcome of the resolution;
- (e) the Options will be issued free of charge. Any funds raised from the exercise of the Options will be used for the Company's general working capital requirements. The exercise price and exercise dates for the Options are set out below in this Explanatory Statement. Based on a Black & Scholes valuation method, the Company estimates that each Option the subject of Resolution 9 has a value of \$0.0685 (\$50,861 in aggregate) on the date that the Options were determined to be issued being 1 September 2006.

This estimate is based on the following assumptions at the time that the price of the Options was determined on 30 June 2006 by the Nexus Board:

Exercise price	\$0.87
Market value of underlying Shares	\$0.62
Time to expiration of Option	1 year
Volatility	50 %
Risk free interest rate	5.86%
Annualised dividend yield	Nil

- (f) over the last 12 months, the lowest recorded price of Shares in SEATS trading on ASX was \$0.425 on 13 January 2006 and the highest was \$1.20 on 5 October 2006. At the close of trading on 4 October 2006, the Share price was \$1.06.
- (g) following the passing of Resolution 9 Alastair Haydock will hold an interest in 894,891 Shares and 742,500 Options;
- (h) subject to the passing of Resolution 4, Alastair Haydock is entitled to receive directors fees of \$25,000 per annum
- (i) the Company has 388,043,808 Shares and 16,904,300 Options on issue. Assuming that Alastair Haydock exercises all of the Options to be granted to him pursuant to Resolution 9, Alastair Haydock's interest including the Shares and Options currently held will represent approximately 0.4% of the Company's diluted capital; and
- (j) neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision whether it is in the best interests of the Company to pass Resolution 9.

The following information is provided for the purposes of Listing Rules 7.1 and 10.11:

- (a) The name of the person who will be issued Options is Alastair Haydock.
- (b) Alastair Haydock will be issued 742,500 Options.
- (c) The Options will be issued within one month of Shareholder approval.
- (d) The Options are being issued for no consideration and therefore no funds will be raised pursuant to the issue of Options.
- (e) The terms and conditions of the Options are set out in below in this Explanatory Memorandum.

Terms and Conditions of the Options:

- Each Option entitles the holder to one Share in the Company
- 742,500 Options to be issued are exercisable at \$0.87 each
- The Options will expire on the 31 October 2007.

- The Options are exercisable by completing an Option exercise form and delivering it together with payment for the number of Shares in respect of the Options that are exercised to the registered office of the Company.
- 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
- All Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's issued Shares.
- The Company will apply for official quotation by the ASX of all Shares issued upon exercise of the Options.
- There are no participating rights or entitlements inherent in the options and the holders will not be entitled to participate in new Shares of capital offered to Shareholders during the currency of the Options. However, the Company will ensure, for the purposes of determining entitlements to any issue, that 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 issues
- If at any time the issued capital of the Company is reconstructed, all rights of an Option Holder are to be changed in a manner consistent with the ASX listing rules

## PROXY AND VOTING ENTITLEMENT INSTRUCTIONS

### PROXY INSTRUCTIONS

Shareholders are entitled to appoint up to two individuals to act as proxies to attend and vote on their behalf. Where more than one proxy is appointed each proxy may be appointed to represent a specific proportion of the shareholder's voting rights. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be deposited at or sent by facsimile transmission to the registered office of **Nexus Energy Limited, 134 Little Lonsdale Street, Melbourne, Victoria, facsimile number +61 3 9654 9303**, not less than 48 hours before the time for holding the Annual General Meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

The proxy form must be signed by the shareholder or his/her attorney duly authorised in writing or, if the shareholder is a corporation, in a manner permitted by the Corporations Act.

The proxy may, but need not, be a shareholder of Nexus.

In the case of Shares jointly held by two or more persons, all joint holders must sign the proxy form.

A proxy form is attached to this Notice.

### VOTING ENTITLEMENT

For the purposes of determining voting entitlements at the Annual General Meeting, Shares will be taken to be held by the persons who are registered as holding the Shares at 7.00 pm on 28th November 2006. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.



**LIMITED**  
 ABN 64 058 818 278  
 Mark this box with an 'X' if you have made any changes to your address details (see reverse)

# Proxy Form

**All correspondence to:**  
 Computershare Investor Services Pty Limited  
 GPO Box 2975 Melbourne  
 VIC 6840 Australia  
 Enquiries (within Australia) 1300 850 505  
 (outside Australia) 61 3 9415 4000  
 Facsimile 61 3 9473 2555  
 www.computershare.com



000001  
 000  
 NXS  
 MR JOHN SMITH 1  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

Securityholder Reference Number (SRN)



I 1234567890 I ND

## Appointment of Proxy

I/We being a member/s of Nexus Energy Limited and entitled to attend and vote hereby appoint



the Chairman  
 of the Meeting  
 (mark with an 'X')

OR



If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered Securityholder) you are appointing as your proxy.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Nexus Energy Limited to be held at Garden Room 1, Crown Towers, Crown Entertainment Complex, 8 Whiteman Street, Southbank Victoria on 30th November 2006 at 11.00am and at any adjournment of that meeting.



### IMPORTANT: FOR ITEMS 5 to 10 BELOW

If the Chairman of the Meeting is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote on Items 5 to 10 below, please place a mark in this box. By marking this box you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of those items and that votes cast by him, other than as proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Items 5 to 10 and your votes will not be counted in computing the required majority if a poll is called on these items. The Chairman of the Meeting intends to vote undirected proxies in favour of each of these items.

## Voting directions to your proxy - please mark to indicate your directions

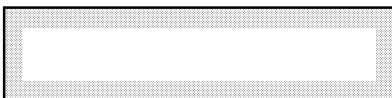
	For	Against	Abstain*		For	Against	Abstain*
2 Re-election of Director, Mr Neil Philip	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7 Approval for Issue of Options to Neil Philip	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Director, Mr Michael Fowler	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8 Approval for Issue of Options to Robert Boyson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Adopt Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9 Approval for Issue of Options to Michael Fowler	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Increase in Fees to Non-Executive Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10 Approval for Issue of Options to Alastair Haydock	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Approval for Issue of Options to Ian Z. Tchacos	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

In addition to the intention advised above, the Chairman of the Meeting intends to vote undirected proxies in favour of each of the other items of business.

\* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

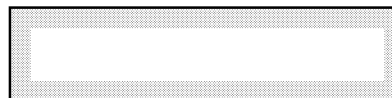
## PLEASE SIGN HERE This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1



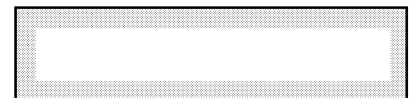
Sole Director and  
 Sole Company Secretary

Securityholder 2



Director

Securityholder 3



Director/Company Secretary

In addition to signing the Proxy form in the above box(es) please provide the information below in case we need to contact you.

Contact Name

Contact Daytime Telephone

Date

/ /

NXS

19PR



# How to complete the Proxy Form

## 1 Your Address

This is your address as it appears on the company's share register. If this information is incorrect, please mark the box and make the correction on the form. Securityholders sponsored by a broker (in which case your reference number overleaf will commence with an 'x') should advise your broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

## 2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the individual or body corporate you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the full name of that individual or body corporate in the space provided. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

## 3 Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

## 4 Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

## 5 Signing Instructions

You must sign this form as follows in the spaces provided:

- Individual: where the holding is in one name, the holder must sign.
- Joint Holding: where the holding is in more than one name, all of the securityholders should sign.
- Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, 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, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of a corporate Securityholder or proxy is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company's share registry or at [www.computershare.com](http://www.computershare.com).

## Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below no later than 48 hours before the commencement of the meeting at 11.00am on 30th November 2006. Any Proxy Form received after that time will not be valid for the scheduled meeting.

### Documents may be lodged:

- IN PERSON Registered Office - 134 Little Lonsdale Street, MELBOURNE VIC 3000  
Share Registry - Computershare Investor Services Pty Limited, Yarra Falls, 452 Johnston Street, Abbotsford, Victoria 3067 Australia
- BY MAIL Registered Office - 134 Little Lonsdale Street, MELBOURNE VIC 3000  
Share Registry - Computershare Investor Services Pty Limited, GPO Box 2975, Melbourne, Victoria Australia
- BY FAX 61 3 9473 2555