



**NUPOWER RESOURCES LTD**  
**ACN 120 787 859**

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**NOTICE OF ANNUAL GENERAL MEETING**

**PROXY FORM**

**EXPLANATORY MEMORANDUM**

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**Date of Meeting**

Friday 23 November 2007

**Time of Meeting**

12.30 pm WDST

**Place of Meeting**

City West Function Centre  
45 Plaistowe Mews  
City West Centre  
WEST PERTH WA 6005

For personal use only

**NUPOWER RESOURCES LTD**  
**ACN 120 787 859**

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that an Annual General Meeting of the members of NuPower Resources Ltd ACN 120 787 859 ("**NuPower**" or "**Company**") will be held at 12.30pm WDST on 23 November 2007 at City West Function Centre, 45 Plaistowe Mews, City West Centre, West Perth, WA, for the purpose of transacting the following business referred to in this Notice of Annual General Meeting.

An explanatory memorandum containing information in relation to each of the following Resolutions accompanies this Notice of Annual General Meeting. Terms used in this Notice of Annual General Meeting have the terms given to them in the glossary contained in the Explanatory Memorandum.

**AGENDA**

**ORDINARY BUSINESS**

**Annual Accounts**

To receive and consider the Financial Report, the Directors' Report and Auditor's Report of the Company for the year ended 30 June 2007.

**Resolution 1 – Adoption of Remuneration Report**

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

*"That Shareholders adopt the Remuneration Report for the financial year ended 30 June 2007."*

**Note:** The vote on this Resolution is advisory only and does not bind the Directors or the Company.

**Resolution 2 – Re-election of Mr Mick Muir as a Director**

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

*"That Mr Mick Muir who retires by rotation in accordance with clause 8.1(d) of the Company's Constitution and who offers himself for re-election, be re-elected a Director of the Company."*

**Resolution 3 – Re-election of Mr Ian Kowalick as a Director**

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

*"That Mr Ian Kowalick who retires by rotation in accordance with clause 8.1(d) of the Company's Constitution and who offers himself for re-election, be re-elected a Director of the Company."*

#### **Resolution 4 – Appointment of Auditor**

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

*"That, BDO Kendalls Audit & Assurance (WA) Pty Ltd ABN 79 112 284 787, who have consented in writing to act in the capacity of auditor and have not withdrawn that consent, be appointed as auditor of the Company."*

#### **SPECIAL BUSINESS**

#### **Resolution 5 – Approval of Non-executive Directors' Fees**

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

*"That, for the purposes of clause 8.3(a) of the Constitution and Listing Rule 10.17 and for all other purposes, the Directors' fees payable in aggregate to the non-executive Directors of the Company be set at \$350,000 per annum in total."*

The Company will disregard any votes cast on this Resolution 5 by Directors and any associates of Directors. 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 of the proxy form to vote as the proxy decides.

#### **Resolution 6 - Approval of Employee Share Option Plan**

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

*"That, for the purpose of Listing Rule 7.2, Exception 9 of the Listing Rules and for all other purposes, the Company approve the issue of securities under the employee incentive option scheme for employees and directors known as "NuPower Resources Ltd Employee Share Option Plan", the rules of which are annexed as Annexure B to the Explanatory Memorandum accompanying this Notice of Meeting, as an exception to Listing Rule 7.1."*

The Company will disregard any votes cast on this Resolution 6 by a Director and any associates of Directors. 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.

#### **OTHER BUSINESS**

To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act 2001 (Cth).

BY ORDER OF THE BOARD



**GAVIN LOCKYER**

Company Secretary

Dated: 18 October 2007

## NOTES

### 1. Proxies

A member entitled to but unable to attend and vote is entitled to appoint a proxy. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights. A proxy need not be a member of the Company. The proxy form must be lodged by person, post, courier or facsimile and reach the registered office of the Company at Level 4, 16 St Georges Terrace, Perth, WA, 6000 not less than 48 hours before the time of holding the Meeting. A proxy shall be signed by the appointor or his/her attorney or, if a corporation, under its common seal or under the hand of its attorney. A copy of any power of attorney should be lodged with the proxy.

For the convenience of members, a Proxy Form is enclosed.

### 2. Voting Entitlements

For the purposes of regulation 7.11.37 of the Corporations Regulations 2001, the Company determines that members holding ordinary shares at 12.30pm WDST on Wednesday 21 November 2007 will be entitled to attend and vote at the Annual General Meeting.

**NUPOWER RESOURCES LTD**  
**ACN 120 787 859**  
**EXPLANATORY MEMORANDUM**

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the preceding Notice of Annual General Meeting of the Company.

The Directors recommend Shareholders read this Explanatory Memorandum in full before making any decision in relation to the resolutions.

Capitalised terms are defined in the Glossary at the end of this Explanatory Memorandum.

**RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT**

Section 298 of the Corporations Act requires that the annual Directors' Report contain a Remuneration Report prepared in accordance with section 300A of the Corporations Act.

By way of summary, the Remuneration Report:

- (a) discusses the Company's policy and the process for determining the remuneration of its executive officers and Directors;
- (b) addresses the relationship between the remuneration of the Company's executive officers and the performance of the Company; and
- (c) sets out remuneration details for each Director and each of the executive officers of the Company named in the Remuneration Report for the financial year ended 30 June 2007.

Section 250R(2) of the Corporations Act requires companies to put a resolution to their members that the Remuneration Report be adopted. Pursuant to section 250R(3), the vote on this Resolution is advisory only and does not bind the Board or the Company.

The Directors recommend that Shareholders vote in favour of Resolution 1.

**RESOLUTION 2 – RE-ELECTION OF MR MICK MUIR AS A DIRECTOR**

Resolution 2 seeks approval for the re-election of Mr Mick Muir as a Director with effect from the end of the Meeting.

Clause 8.1(d) of the Constitution provides that at each annual general meeting two Directors, excluding the Managing Director and any Directors who are appointed by the other Directors under clause 8.1(b) of the Constitution and are standing for election, must retire from office.

Mr Muir retires from office in accordance with this requirement and submits himself for re-election.

### **RESOLUTION 3 – RE-ELECTION OF MR IAN KOWALICK AS A DIRECTOR**

Resolution 3 seeks approval for the re-election of Mr Ian Kowalick as a Director with effect from the end of the Meeting.

Clause 8.1(d) of the Constitution provides that at each annual general meeting two Directors, excluding the Managing Director and any Directors who are appointed by the other Directors under clause 8.1(b) of the Constitution and are standing for election, must retire from office.

Mr Kowalick retires from office in accordance with this requirement and submits himself for re-election.

### **RESOLUTION 4 – APPOINTMENT OF AUDITOR**

Resolution 4 seeks Shareholder approval to the appointment of BDO Kendalls Audit & Assurance (WA) Pty Ltd ABN 79 112 284 787 ("**BDO Kendalls**"), of 128 Hay Street Subiaco, Western Australia 6008 to the office of auditors of the Company pursuant to section 327B(1)(a) of the Corporations Act.

The Company has received:

- (a) a nomination under section 328B of the Corporations Act from a member for BDO Kendalls to be appointed as the Company's auditor, a copy of which is annexed as Annexure A to this Explanatory Memorandum; and
- (b) a consent to act as auditor of the Company under section 328A of the Corporations Act, duly executed by BDO Kendalls and Peter Toll, Director of BDO Kendalls.

Pursuant to the Corporations Act, BDO Kendalls have consented in writing to act as auditor to the Company, and have not withdrawn their consent prior to the date of this Notice.

BDO Kendalls has been acting as auditor to the Company since 8 March 2007 and the Directors recommend that this firm be appointed as auditor of the Company by the Shareholders.

## **RESOLUTION 5 – APPROVAL OF NON-EXECUTIVE DIRECTORS’ FEES**

Under clause 8.3(a) of the Constitution the level of aggregate fees paid to non-executive Directors needs to be approved by Shareholders.

Listing Rule 10.17 provides that an entity must not increase the total amount of directors' fees payable by it or any of its child entities without the approval of holders of its ordinary securities. The rule does not apply to the salary of an executive director. Listing Rule 10.17 also requires that the amount of any increase and the maximum amount payable annually to the directors as a whole be stipulated.

It is considered appropriate and necessary to set an aggregate level of fees payable to non-executive Directors that ensures the Company is able to attract and retain appropriate persons as non-executive Directors, particularly as the Company progresses the development of its business and more non-executive Director appointments are necessary, whether as new additions to the Board or to replace existing appointments.

The Company currently pays a total of \$144,000 per annum to non-executive Directors, being \$48,000 to a non-executive Director and \$96,000 to the non-executive Chairman.

In consideration of the contributing factors noted above, it is proposed to set the amount of the funds available for payment of fees to non-executive Directors at \$350,000 per annum.

This proposed level of permitted fees does not mean that the Company must pay the entire amount approved as fees in each year. However, the Board considers that it is reasonable and appropriate to establish this amount as this will provide the Company with the flexibility to attract appropriately qualified directors and to act quickly if the circumstances require it.

## RESOLUTION 6 – APPROVAL OF EMPLOYEE SHARE OPTION PLAN

The Directors considered that it was desirable to establish an option plan under which employees may be offered the opportunity to subscribe for options to acquire Shares in order to increase the range of potential incentives available to them and to strengthen links between the company and its employees and accordingly adopted the NuPower Resources Ltd Employee Share Option Plan ("**Plan**") on 18 October 2007.

The Plan is designed to provide incentives to the employees of the Company and to recognise their contribution to the Company's success. Under the Company's current circumstances the Directors consider that the incentives to employees are a cost effective and efficient incentive for the Company as opposed to alternative forms of incentives such as cash bonuses or increased remuneration. To enable the Company to secure employees and Directors who can assist the Company in achieving its objectives, it is necessary to provide remuneration and incentives to such personnel. The Plan is designed to achieve this objective, by encouraging continued improvement in performance over time and by encouraging personnel to acquire and retain significant shareholdings in the Company.

Shareholder approval is required if any issue of Options pursuant to the Plan is to fall within the exception to the calculation of the 15% limit imposed by Listing Rule 7.1 on the number of securities which may be issued without shareholder approval. Accordingly, Shareholder approval is sought for the purposes of Listing Rule 7.2 Exception 9(b) which provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme that has been approved by the holders of ordinary securities within three years of the date of issue.

Prior shareholder approval will be required before any Director or related party of the Company can participate in the Plan.

Under the Plan, the Board may offer to Eligible Persons the opportunity to subscribe for such number of Options in the Company as the Board may decide and on the terms set out in the rules of the Plan, a copy of which is contained in Annexure B of this Explanatory Memorandum. Options granted under the Plan will be offered to participants in the Plan on the basis of the Board's view of the contribution of the Eligible Person to the Company.

The Directors note that, in order to comply with the first exemption in ASIC Class Order 03/184, which permits the Company to offer Options to Eligible Employees without a prospectus, the Board can only offer Options under this exemption once the Shares have been quoted on the ASX for a period of 12 months (without suspension for a total of more than 2 trading days during that period). The Shares were admitted to quotation on the ASX on 16 March 2007. The Directors note that it is currently possible for the Company to offer Options under the Plan without a prospectus if it can rely on other exemptions in section 708 of the Corporations Act.

The Directors believe it is beneficial to obtain Shareholder approval under this Resolution for the purposes of Listing Rule 7.2, Exception 9(b) in order for the Board to be able to offer Options to Eligible Employees and retain the 15% placement capacity in Listing Rule 7.1 for capital raising purposes.



In accordance with the requirements of Listing Rule 7.2 Exception 9(b) the following information is provided:

- (a) a copy of the rules of the Plan is attached as Annexure B to the Notice;
- (b) no Options have previously been issued under the Plan; and
- (c) a voting exclusion statement has been included for the purposes of Resolution 6.

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## GLOSSARY

"**Annexure**" means an Annexure to this Explanatory Memorandum;

"**ASIC**" means the Australian Securities and Investments Commission;

"**ASX**" means means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by the ASX Limited;

"**Board**" means the board of Directors of the Company;

"**Company**" or "**NuPower**" means NuPower Resources Ltd ACN 120 787 859;

"**Constitution**" means the Constitution of the Company;

"**Corporations Act**" means the Corporations Act 2001 (Cth);

"**Corporations Regulations**" means the Corporations Regulations 2001 (Cth);

"**Director**" means a director of the Company;

"**Eligible Person**" means at any time a person who then is a Director or an employee (whether full-time or part-time) of the Company or of an associated body corporate of the Company;

"**Listing Rules**" means the Listing Rules of ASX;

"**Notice**" means the Notice of Annual General Meeting accompanying this Explanatory Memorandum;

"**Option**" means an option to acquire one Share;

"**Resolution**" means a resolution proposed in this Notice of Annual General Meeting;

"**Share**" means an ordinary fully paid share issued in the capital of the Company;

"**Shareholder**" means an ordinary shareholder of the Company; and

"**WDST**" means Australian Western Daylight Savings Time.

**ANNEXURE A**

**NOMINATION OF AUDITOR**

To: Company Secretary  
NuPower Resources Ltd  
Level 4, 16 St Georges Terrace  
PERTH WA 6000

Dear Sir

**NOMINATION OF AUDITOR**

For the purpose of Section 328B(1) of the Corporations Act, Arafura Resources Limited, being a member of NuPower Resources Ltd, hereby nominates BDO Kendalls Audit & Assurance (WA) Pty Ltd, of 128 Hay Street Subiaco, Western Australia for appointment as Auditor of the Company at the Annual General Meeting of the Company convened for 12.30pm (WDST) on 23 November 2007 (or any adjournment thereof).

Signed for and on behalf of Arafura Resources Limited:



Director

Dated: 10 October 2007



Company Secretary

**ANNEXURE B**

**NUPOWER RESOURCES LIMITED  
ACN 120 787 859**

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**RULES OF EMPLOYEE SHARE OPTION PLAN**

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**Blakiston & Crabb**  
Lawyers  
1202 Hay Street  
WEST PERTH WA 6005  
Tel: (08) 9322 7644  
Fax: (08) 9322 1506  
Ref: ML.MC.NUP/14174

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**RULES OF EMPLOYEE SHARE OPTION PLAN  
NUPOWER RESOURCES LTD  
ACN 120 787 859  
RULES OF EMPLOYEE SHARE OPTION PLAN  
(Adopted by the Board on 18 October 2007)**

**1. NAME OF PLAN**

1.1 This Plan shall be called the NuPower Resources Ltd Employee Share Option Plan.

**2. ESTABLISHMENT AND TERMINATION OF THE PLAN**

2.1 The Board may establish and administer the Plan in accordance with the terms and conditions set out in these Rules and otherwise as it determines from time to time in its absolute discretion.

2.2 The Board may terminate the Plan, or suspend its operation for any period it considers desirable, at any time that it considers appropriate.

2.3 The Board may not issue any further Options after the Plan has been terminated. However, these Rules will continue to apply to Options on issue at the date of such termination until the last of those Options lapses or is exercised.

**3. PURPOSE OF PLAN**

3.1 The purpose of this Plan is to:

- (a) recognise the ongoing ability of the employees of the Company and their expected efforts and contribution in the long term to the performance and success of the Company;
- (b) provide an incentive to the employees of the Company to remain in their employment in the long term;
- (c) attract persons of experience and ability to employment with the Company and foster and promote loyalty between the Company and its employees; and
- (d) provide employees of the Company with the opportunity to acquire Options, and ultimately Shares, in the Company, in accordance with these Rules.

#### 4. OPERATION OF THE PLAN

4.1 The Plan operates according to these Rules which bind the Company and each Participant.

4.2 The number of Shares to be received on exercise of the Options the subject of an Offer when aggregated with:

- (a) the number of Shares which would be issued were each outstanding offer or Option, being an offer made or Option acquired pursuant to the Plan or any other employee share scheme extended only to employees or Directors of the Company, exercised; and
- (b) the number of Shares issued during the previous 5 years pursuant to the Plan or any other employee share scheme extended only to employees or Directors of the Company;

but disregarding any offer made, or Option acquired or Share issued by way of or as a result of:

- (a) an offer to a person situated at the time of receipt of the Offer outside Australia; or
- (b) an offer that did not need disclosure to investors because of section 708 of the Corporations Act; or
- (c) an offer made under a disclosure document,

must not exceed 5% of the total number of issued Shares as at the time of the Offer.

## **5. ELIGIBILITY**

5.1 Subject to these Rules, the Board may from time to time determine that any Eligible Person is entitled to participate in the Plan and the extent of that participation. Prior to making that determination, the Board must consider:

- (a) the seniority of the relevant Eligible Person and the position the Eligible Person occupies within the Company;
- (b) the length of service of the Eligible Person with the Company;
- (c) the record of employment of the Eligible Person with the Company;
- (d) the potential contribution of the Eligible Person to the growth of the Company;
- (e) the extent (if any) of the existing participation of the Eligible Person (or any Permitted Nominee in relation to that Eligible Person) in the Plan; and
- (f) any other matters which the Board considers relevant.

5.2 The Board may exercise its powers in relation to the participation of any Eligible Person on any number of occasions.

## **6. OFFER OF OPTIONS AND EXERCISE PRICE**

6.1 Subject to these Rules and to the Listing Rules, the Company (acting through the Board) may offer Options to any Eligible Person at such times and on such terms as the Board considers appropriate. Each Offer must state:

- (a) the name and address of the Eligible Person to whom the Offer is made;
- (b) that the Eligible Person to whom the Offer is addressed may accept the whole or any lesser number of Options offered;
- (c) the minimum number of Options and any multiple of such minimum or any other number which may be accepted;
- (d) the period within which the Offer may be accepted, and the period or periods during which the Options or any of them may be exercised and the Expiry Date;
- (e) any Exercise Conditions;
- (f) the method of calculation of the Exercise Price; and
- (g) any other matters which the Board may determine.

6.2 The method of calculation of the Exercise Price of each Option will be determined by the Board with regard to the Market Value of the Shares when it resolves to offer the Option.

## 7. ACCEPTING OFFERS

7.1 Upon receipt of an Offer, an Eligible Person may, within the period specified in the Offer:

- (a) accept the whole or any lesser number of Options offered by giving to the Company an Application Form; or
- (b) nominate a nominee in whose favour the Eligible Person wishes to renounce the Offer by notice in writing to the Board. The Board may, in its absolute discretion, resolve not to allow such renunciation of an Offer in favour of a nominee without giving any reason for such decision.

7.2 Upon:

- (a) receipt of the Application Form referred to in paragraph 7.1(a); or
- (b) the Board resolving to allow a renunciation of an Offer in favour of a nominee ("**Permitted Nominee**") and the Permitted Nominee accepting the whole or any lesser number of Options offered by giving the Company an Application Form,

then the Eligible Person or the Permitted Nominee, as the case may be, will be taken to have agreed to be bound by these Rules and will be granted Options subject to these Rules.

7.3 If Options are issued to a Permitted Nominee or an Eligible Person, the Eligible Person must, without limiting any provision in these Rules, ensure that the Permitted Nominee complies with these Rules.

7.4 On the issue of Options following receipt by the Company of an Application Form, an Eligible Person or the Permitted Nominee, as the case may be, becomes a Participant.

## 8. NO CONSIDERATION

8.1 No consideration is payable by an Eligible Person for a grant of an Option, unless the Board decides otherwise.

## 9. CERTIFICATES

9.1 The Company must give a Participant one or more Certificates stating:

- (a) the number of Options issued to the Participant;
- (b) the Exercise Price of those Options; and
- (c) the Issue Date of those Options.

9.2 The Certificates for the Options will be dispatched within 10 Business Days after the Issue Date.



## **10. QUOTATION**

- 10.1 The Company will not apply for Official Quotation of any Options.
- 10.2 If shares of the same class as those allotted pursuant to the exercise of Options granted under the Plan are listed on the ASX, the Company must apply for Official Quotation of those Shares allotted pursuant to the exercise of Options within the time required by the Listing Rules after the date of allotment.

## **11. NOT TRANSFERABLE**

- 11.1 Subject to clause 14.5, Options are not transferable.

## **12. EXERCISE OF OPTIONS**

- 12.1 Subject to any Exercise Conditions, Options may be exercised at any time during the period commencing on the Issue Date and ending on the Expiry Date.

- 12.2 Notwithstanding paragraph 12.1, all Options may be exercised:

- (a) during a Bid Period; or
- (b) at any time after a Change of Control Event has occurred; or
- (c) on an application under section 411 of the Corporations Act, if a court orders a meeting to be held concerning a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company.

- 12.3 Options may only be exercised by the Participant giving notice in writing to the Board delivered to the registered office of the Company. The notice must specify the number of Options being exercised and the Exercise Price for the Options specified in the notice and must be accompanied by:

- (a) the Certificate for those Options, for cancellation by the Company; and
- (b) a cheque payable to the Company (or another form of payment acceptable to the Board) in the amount of the product of the number of Options then being exercised by the Participant and the Exercise Price.

The notice is only effective (and only becomes effective) when the Company has received value for the full amount referred to in paragraph (b).

- 12.4 Subject to paragraph 14.1, within 10 Business Days after the notice referred to in clause 12.3 becoming effective, the Board must:

- (a) allot and issue the number of Shares to be issued in respect of the Options being exercised;
- (b) cancel the Certificate for the Options being exercised; and

- (c) if applicable, issue a new Certificate for any remaining Options covered by the Certificate accompanying the notice.

12.5 The Board may, at its discretion, by notice to the Participant reduce, waive or vary (provided such variation is not adverse to the Participant) the Exercise Conditions attaching to Options in whole or in part at any time and in any particular case.

### **13. SHARES ALLOTTED ON EXERCISE OF OPTIONS**

13.1 All Shares allotted upon exercise of the Options rank pari passu in all respects with Shares previously issued and, in particular, entitle the holders of Shares to participate fully in:

- (a) dividends declared by the Company after the date of allotment; and
- (b) all issues of securities made or offered pro rata to holders of Shares.

### **14. LAPSE OF OPTIONS**

14.1 Options not validly exercised on or before the Expiry Date will automatically lapse.

14.2 Unless otherwise determined by the Board, if any Options are granted subject to Exercise Conditions and, prior to satisfaction of the Exercise Conditions (such that the Options are not exercisable), an Eligible Person ceases to be an Eligible Person then:

- (a) if the Eligible Person ceases to be an Eligible Person for any reason other than a Specified Reason, any such Options held by such Eligible Person, or if appropriate, his or her Permitted Nominee, will automatically lapse; and
- (b) if the Eligible Person ceases to be an Eligible Person for a Specified Reason, such Eligible Person, or if appropriate, his or her Permitted Nominee, may exercise any such Options held by him or her within:
  - (i) 3 months of the date of (as the case may be) Retirement, Redundancy, death or Total and Permanent Disablement; or
  - (ii) such longer period as the Board determines,

subject to the Board, in its absolute discretion, reducing, waiving or varying the Exercise Conditions applying to those Options in accordance with clause 12.5 so that those Options may be exercised. Options the subject of clause 14.2(b) not exercised within the 3 months or the longer period determined by the Board, will automatically lapse.

- 14.3 Unless otherwise determined by the Board, if an Eligible Person ceases to be an Eligible Person at any time after an Option is or has become exercisable, then:
- (a) if the Eligible Person ceases to be an Eligible Person for any reason other than a Specified Reason, such Eligible Person, or if appropriate, his or her Permitted Nominee, may exercise any such Options held by him or her within:
    - (i) 1 month of ceasing to be an Eligible Person; or
    - (ii) such longer period as the Board determines,and any Options the subject of this clause not exercised within the 1 month or the longer period determined by the Board, will automatically lapse; and
  - (b) if an Eligible Person ceases to be an Eligible Person for a Specified Reason, such Eligible Person, or if appropriate, his or her Permitted Nominee is entitled to exercise any such Option at any time prior to its Expiry Date.
- 14.4 A certificate signed by the company secretary of the Company stating that a person ceased for any reason to be an Eligible Person shall (in the absence of manifest error) be conclusive for the purposes of the Plan, both as to such occurrence and the reason for such occurrence and the date of such occurrence.
- 14.5 Subject to clause 14.2, if at any time prior to the Expiry Date of any Options a Holder dies, the deceased Holder's Legal Personal Representative may:
- (a) elect to be registered as the new Holder of the deceased Holder's Options;
  - (b) whether or not he or she becomes so registered, exercise those Options in accordance with and subject to these Rules as if he were the Holder of them; and
  - (c) if the deceased Holder had already given the Company a notice of exercise of his or her Options, pay the Exercise Price in respect of those Options.

## **15. PARTICIPATION RIGHTS, BONUS ISSUES, RIGHTS ISSUES, REORGANISATIONS OF CAPITAL AND WINDING UP**

### **15.1 New Issues**

- (a) Participants are not entitled to participate in any new issue of securities to existing holders of Shares in the Company unless:
  - (i) they have become entitled to exercise their Options under the Plan; and
  - (ii) they do so before the record date for the determination of entitlements to the new issue of securities and participate as a result of being holders of Shares.
- (b) The Company must give Participants, in accordance with the Listing Rules, notice of any new issue of securities before the record date for determining entitlements to the new issue.

### **15.2 Bonus Issues**

There is no right to change the exercise price of an Option nor the number of underlying Shares over which the Option can be exercised, if the Company completes a bonus issue.

### **15.3 Pro Rata Issues**

There is no right to change the exercise price of an Option nor the number of underlying Shares over which the Option can be exercised, if the Company completes a pro rata issue.

### **15.4 Reorganisation of Capital**

If, prior to the expiry of any Options, there is a reorganisation of the issued capital of the Company, then the rights of a Participant (including the number of Options to which each Participant is entitled and the Exercise Price) is changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

### **15.5 Winding Up**

If, prior to the expiry of any Options, a resolution for a members' voluntary winding up of the Company is proposed (other than the purpose of a reconstruction or amalgamation) the Board may, in its absolute discretion, give written notice to Participants of the proposed resolution. Subject to the Exercise Conditions, the Participants may, during the period referred to in the notice, exercise their Options.

### **15.6 Fractions of Shares**

For the purpose of this clause 15, if Options are exercised simultaneously, then the Participant may aggregate the number of Shares or fractions of Shares for which the

Participant is entitled to subscribe. Fractions in the aggregate number only will be disregarded in determining the total entitlement of a Participant.

#### **15.7 Calculations and Adjustments**

Any calculations or adjustments which are required to be made under this clause 15 will be made by the Board and, in the absence of manifest error, are final and conclusive and binding on the Company and the Participant.

#### **15.8 Notice of Change**

The Company must within a reasonable period give to each Participant notice of any change under clause 15 to the Exercise Price of any Options held by the Participant or to the number of Shares which the Participant is entitled to subscribe for on exercise of an Option.

### **16. AMENDMENTS TO THE RULES**

#### **16.1 Board May Alter Rules**

The Board may, subject to clause 16.3 and the Listing Rules, alter, delete or add to these Rules at any time (save for the provisions of clause 4.2).

#### **16.2 Alteration of Clause 4.2**

The Board may alter clause 4.2 with the prior approval by ordinary resolution of the shareholders of the Company in a general meeting.

#### **16.3 Consent of Participants**

If any amendment to be made under clause 16.1 would adversely affect the rights of Participants in respect of any Options then held by them, the Board must obtain the consent of Participants who between them hold not less than 75% of the total number of those Options held by all those Participants before making the amendment.

#### **16.4 Eligible Persons Outside Australia**

The Board may make any additions, variations or modifications to the Rules in relation to the implementation of the Plan, and the specific application of the Rules, to Eligible Persons residing outside Australia.

## 17. POWERS OF THE BOARD

17.1 The **Plan** shall be administered by the Board who shall have the power to:

- (a) determine appropriate procedures and make regulations for the administration of the Plan which are consistent with these Rules;
- (b) resolve conclusively all questions of fact or interpretation arising in connection with the Plan;
- (c) terminate or suspend the operation of the Plan at any time, provided that the termination or suspension does not adversely affect or prejudice the rights of Participants holding Options at that time;
- (d) delegate those functions and powers it considers appropriate, for the efficient administration of the Plan, to any one or more persons whom the Board reasonably believes to be capable of performing those functions and exercising those powers, for such period and on such conditions as the Board may determine;
- (e) take and rely upon independent professional or expert advice in or in relation to the exercise of any of their powers or discretions under these Rules;
- (f) administer the Plan in accordance with these Rules as and to the extent provided in these Rules; and
- (g) make regulations for the operation of the Plan consistent with these Rules.

## 18. NOTICES

18.1 Notices may be given by the Company to any Holder either personally or by sending by post to his or her address as noted in the Company's records or to the address (if any) within the Commonwealth of Australia supplied by him to the Company for the giving of notices. Notices for any overseas Holders shall be forwarded and posted by air. Where a notice is sent by post the notice shall be deemed to be served on the day after posting. The signature of any notice may be given by any Director or secretary of the Company. A notice of exercise given under clause 12.3 shall not be deemed to be served on the Company until actually received.

## 19. NO COMPENSATION OR DAMAGES

- 19.1 The rights and obligations of any Holder under the terms of his or her employment with the Company are not affected by his or her participation in the Plan.
- 19.2 These Rules do not form part of, and will not be incorporated into, any contract of engagement or employment between a Holder and the Company.
- 19.3 No Holder has any rights to compensation or damages as a result of the termination of his or her employment, so far as those rights arise or may arise from the Holder ceasing to have rights under the Plan as a result of the termination.
- 19.4 Participants do not, as Participants, have any right to attend or vote at general meetings of holders of Shares.

## 20. GOVERNING LAW

- 20.1 The Plan and any Options issued under it are governed by the laws of Western Australia and the Commonwealth of Australia.
- 20.2 Each Participant irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia, the Commonwealth of Australia and courts entitled to hear appeals from those courts.

## 21. ADVICE

- 21.1 Eligible Persons should obtain their own independent advice at their own expense on the financial, taxation and other consequences to them of or relating to participation in the Plan.

## 22. DEFINITIONS AND INTERPRETATION

- 22.1 In these Rules, unless the context otherwise requires, the following words and expressions shall have the following meanings:

**"Application Form"** means a duly completed and executed application for the issue of Options made by an Eligible Person or Permitted Nominee in respect of an Offer, in the form approved by the Board from time to time;

**"ASX"** means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited;

**"Bid Period"**, in relation to a takeover bid in respect of shares in the Company, means the period referred to in the definition of that expression in section 9 of the Corporations Act provided that where a takeover bid is publicly announced prior to the service of a bidder's statement on the Company in relation to that takeover bid, the Bid Period shall be deemed to have commenced at the time of that announcement;

**"Board"** means the Directors acting as the board of directors of the Company or a committee appointed by such board of directors;

"**Business Day**" means a day on which banks are open for business in Perth excluding a Saturday, Sunday or public holiday;

"**Certificate**" means the certificate issued in accordance with clause 9 by the Company to a Holder in respect of an Option;

"**Change of Control Event**" means a shareholder, or a group of associated shareholders, becoming entitled to sufficient shares in the Company to give it or them the ability, and that ability is successfully exercised, in general meeting, to replace all or a majority of the Board;

"**Company**" means NuPower Resources Ltd ACN 120 787 859;

"**Corporations Act**" means the Corporations Act 2001 (Cth);

"**Director**" means a director of the Company from time to time but does not include a person who is only a director by virtue of being an alternate director;

"**Eligible Person**" means at any time a person who then is a Director or an employee (whether full-time or part-time) of the Company or of an associated body corporate of the Company;

"**Exercise Condition**" means the performance, vesting or other conditions (if any) determined by the Board and specified in an Offer which are, subject to these Rules, required to be satisfied, reached or met before an Option can be exercised;

"**Exercise Price**" means, in respect of an Option, the subscription price per Share, determined in accordance with clause 6.2, payable by a Holder on exercise of the Option;

"**Expiry Date**" means, in relation to an Option, the date determined by the Board prior to the offer of the relevant Options, subject to any restriction in the Corporations Act from time to time but in any event no longer than 5 years from the Issue Date;

"**Holder**" means, in relation to an Option, the person (whether an Eligible Person or a Permitted Nominee) entered in the Company's register of options as the holder of that Option;

"**Issue Date**" means, in relation to an Option, the date on which the Company grants that Option;

"**Legal Personal Representative**" means the executor of the will or an administrator of the estate of a deceased person, the trustee of the estate of a person under a legal disability or a person who holds an enduring power of attorney granted by another person;

"**Listing Rules**" means the Official Listing Rules of ASX as they apply to the Company from time to time;

"**Market Value**" means, if the Company is admitted to the official list of ASX:



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- (a) the weighted average closing sale price of the Shares recorded on the stock market of ASX over the five trading days immediately preceding the day on which the Board resolves to offer an Option; or
  - (b) in circumstances where there has been no trading in the Shares during the five trading days immediately preceding the day on which the Board resolves to offer an Option, the last sale price recorded on the stock market of ASX;

**"Offer"** means an invitation to an Eligible Person made by the Company under clause 6.1 to apply for an issue of Options;

**"Official Quotation"** has the meaning ascribed to it in the Listing Rules;

**"Option"** means an option issued under the Plan to subscribe for a Share;

**"Participant"** means a person who holds Options issued under the Plan and includes, if a Participant dies or becomes subject to a legal disability, the Legal Personal Representative of the Participant;

**"Permitted Nominee"** has the meaning given to it by clause 7.2;

**"Plan"** means the NuPower Resources Ltd Employee Share Option Plan established in accordance with these Rules;

**"Redundancy"** means, in relation to an Eligible Person, a determination by the Board that the Company's need to employ a person for the particular kind of work carried out by that Eligible Person has ceased (but, for the avoidance of any doubt, does not include the dismissal of an Eligible Person for personal or disciplinary reasons or where the Eligible Person leaves the employ of the Company of his or her own accord);

**"Retirement"** means, in relation to an Eligible Person, retirement by that Eligible Person from the Company at age 60 or over or such earlier age as considered appropriate by the Board;

**"Rules"** means these rules, as amended from time to time;

**"Series"** means, in relation to Options, Options with a common Issue Date;

**"Shares"** means fully paid ordinary shares in the capital of the Company;

**"Specified Reason"** means Retirement, Total and Permanent Disablement, Redundancy or death;

**"Tax"** means any tax, levy, impost, GST, deduction, charge, rate, contribution, duty or withholding which is assessed (or deemed to be assessed), levied, imposed or made by any government or any governmental, semi-governmental or judicial entity or authority together with any interest, penalty, fine, charge, fee or other amount assessed (or deemed to be assessed), levied, imposed or made on or in respect of any or all of the foregoing; and

**"Total and Permanent Disablement"** means, in relation to an Eligible Person, that the Eligible Person has, in the opinion of the Board and with effect on a date determined by the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Eligible Person unlikely ever to engage in any occupation for which he is reasonably qualified by education, training or experience.

22.2 In these Rules, unless a contrary intention appears:

- (a) where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning;
- (b) the singular includes the plural and vice versa;
- (c) a reference to a gender includes all genders; and
- (d) an expression defined in, or given a meaning for the purposes of, the Corporations Act has the same meaning where used in these Rules.

**NUPOWER RESOURCES LTD**  
**ACN 120 787 859**  
**PROXY FORM**

The Company Secretary  
 NuPower Resources Ltd  
 Registered Office Address: Level 4, 16 St Georges Terrace, Perth, WA, 6000  
 Facsimile: (08) 9221 7966

I/We (name of shareholder) .....  
 of (address) .....  
 being a member/members of NuPower Resources Ltd HEREBY APPOINT  
 (name) .....  
 of (address) .....  
 and/or failing him (name) .....  
 of (address) .....

or failing that person then the Chairman of the Annual General Meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at City West Function Centre, 45 Plaistowe Mews, City West Centre, West Perth, WA, 6005 on Friday 23 November 2007 at 12.30 pm WDST and at any adjournment of the meeting.

*Should you so desire to direct the Proxy how to vote, you should place a cross in the appropriate box(es) below:*

I/We direct my/our Proxy to vote in the following manner:

	For	Against	Abstain
Resolution 1 - Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Re-election of Mr Mick Muir as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Re-election of Mr Ian Kowalick as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 - Approval of Non-executive Directors' Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 - Approval of Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

*If the Chair of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of Resolutions 5 and 6, please place a mark in this box.*

*By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of Resolutions 5 and 6 and that votes cast by the Chair of the meeting for Resolutions 5 and 6 other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your vote on Resolutions 5 and 6 and your vote will not be counted in calculating the required majority if a poll is called on Resolutions 5 and 6.*

The Chairman intends to vote **in favour** of all of the Resolutions in relation to undirected proxies.

***This Proxy is appointed to represent \_\_\_ % of my voting right, or if 2 proxies are appointed Proxy 1 represents \_\_\_ % and Proxy 2 represents \_\_\_ % of my total votes***  
***My total voting right is \_\_\_\_\_ shares***

*If the shareholder(s) is an individual:*

Name: \_\_\_\_\_

*If the shareholder is a company:*

Affix common seal (if required by shareholder company's Constitution)

\_\_\_\_\_  
 Director/Sole Director and Secretary

\_\_\_\_\_  
 Director/Secretary

Dated: 2007.

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## INSTRUCTIONS FOR APPOINTMENT OF PROXY

1. A shareholder entitled to attend and vote is entitled to appoint no more than two proxies to attend and vote at this Annual General Meeting as the shareholder's proxy. A proxy need not be a shareholder of the Company.
2. Where more than one proxy is appointed, each proxy must be appointed to represent a specific proportion of the shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the shareholder's voting rights. Fractions shall be disregarded.
3. The proxy form must be signed personally by the shareholder or his attorney, duly authorised in writing. If a proxy is given by a corporation, the proxy must be executed under either the common seal of the corporation or under the hand of an officer of the company or its duly authorised attorney. In the case of joint shareholders, this proxy must be signed by at least one of the joint shareholders, personally or by a duly authorised attorney.
4. If a proxy is executed by an attorney of a shareholder, then the original of the relevant power of attorney or a certified copy of the relevant power of attorney, if it has not already been noted by the Company, must accompany the proxy form.
5. To be effective, forms to appoint proxies must be received by the Company no later than 48 hours before the time appointed for the holding of this Annual General Meeting, **that is by 12.30pm (WDST) on 21 November 2007** by post or facsimile to the respective addresses stipulated on this proxy form.
6. If the proxy form specifies a way in which the proxy is to vote on any of the resolutions stated above, then the following applies:
  - (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way;
  - (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands;
  - (c) if the proxy is Chairperson, the proxy must vote on a poll and must vote that way; and
  - (d) if the proxy is not the Chairperson, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.

If a proxy is also a Shareholder, the proxy can cast any votes the proxy holds as a Shareholder in any way that the proxy sees fit.

7. The Chairman intends to vote in favour of all resolutions in relation to undirected proxies.