



# MOLOPO AUSTRALIA LIMITED

ABN 79 003 152 154

## Letter from the Chairman

3 October 2007

Dear Shareholder,

The Company has scheduled the Annual General Meeting of shareholders at 11.00 a.m. on Thursday, 8 November 2007 at Level 14, 31 Queen Street, Melbourne. At the meeting, shareholders will be asked to:

1. Consider the Financial Report, Directors' Report and Auditor's Report for the financial year ended 30 June, 2007, at which time shareholders will be provided with a reasonable opportunity of asking questions about, and making comments on, the management of the Company;
2. Re-elect Mr Ian Gorman & myself as Directors of the Company;
3. Authorise a consolidation of the Company's ordinary shares on 1 for 5 basis, so that each shareholder becomes the holder of 1 Molopo ordinary share for every 5 shares currently held;
4. Approve the Company's Employee Incentive Scheme for the purposes of ASX Listing Rule 7.2 (Exception 9);
5. Adopt the Remuneration Report in the Annual Report for the financial year ended 30 June 2007.

Further details of the resolutions are set out in the Explanatory Memorandum, which accompanies and forms part of this Notice of Annual General Meeting. Shareholders are urged to consider the material in full before determining how they will vote at the Annual General Meeting.

Your directors recommend that you vote in favour of the resolutions that will be put to the Meeting although in the case of the recommendation for re-election of directors the relevant candidates did not participate in the decision.

If you are unable to attend the Annual General Meeting but wish to vote on Items two to five, please complete the attached proxy form and return it by delivery, mail or facsimile to:

Molopo Australia Limited  
C/- Link Market Services Limited  
Locked Bag A14 Sydney South NSW 1235

Facsimile: (02) 9287 0309

Or if you are delivering: Level 12, 680 George Street, Sydney NSW 2000.

To be valid, completed proxy forms must be received no later than 11.00 a.m. on Tuesday, 6 November, 2007, being 48 hours before the scheduled time of the meeting.

Yours faithfully,

**Molopo Australia Limited**

Don Beard

Chairman

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THIS IS AN IMPORTANT DOCUMENT

AND REQUIRES YOUR ATTENTION.

The document should be read in its entirety. If you are in doubt as to how to deal with it, please consult your financial or other professional adviser.



**MOLOPO AUSTRALIA LIMITED**

ABN 79 003 152 154

**NOTICE OF ANNUAL GENERAL MEETING  
AND  
EXPLANATORY MEMORANDUM**

Notice is given that the Annual General Meeting of Molopo Australia Limited will be held at Level 14, 31 Queen Street, Melbourne Victoria on Thursday, 8 November 2007 commencing at 11.00 am.

## NOTICE OF MEETING

The Annual General Meeting of the members of Molopo Australia Limited will be held at Level 14, 31 Queen Street, Melbourne, Victoria, 3000 on Thursday, 8 November 2007 at 11.00 a.m.

### BUSINESS

#### 1. FINANCIAL STATEMENTS AND REPORTS

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

As required by s.250S of the Corporations Act, shareholders will be provided with a reasonable opportunity of asking questions about, and making comments on, the management of the Company. However, it is not necessary to consider any formal resolution.

#### 2. RE-ELECTION OF DIRECTORS – MR IAN GORMAN AND MR DON BEARD

Separate resolutions will be proposed for the re-election of Mr Ian Gorman and Mr Don Beard as directors of the Company.

Mr Ian Gorman was appointed by the Board after the 2006 annual general meeting. Under the ASX Listing Rules he is required to seek re-election at the 2007 annual general meeting if he wishes to continue in office. Being eligible, Mr Gorman offers himself for re-election as a director.

Mr Don Beard retires by rotation in accordance with clause 22 of the Company's Constitution and, being eligible, offers himself for re-election as a director.

#### 3. APPROVAL OF A CONSOLIDATION OF THE COMPANY'S ORDINARY SHARES

To consider and, if thought fit, pass the following resolution -

"That issued shares in the Company (all of which are fully paid) be consolidated on 1 for 5 basis, effective as at 7.00 p.m. on the date this resolution is passed, so that each shareholder becomes the holder of 1 share for every 5 shares currently held with fractions of a share being rounded to the nearest whole number (except in the case of post-consolidation holdings of less than 1 share and exact half shares which are to be rounded up to the next whole number).

#### 4. APPROVAL OF THE COMPANY'S EMPLOYEE INCENTIVE SCHEME

To consider and, if thought fit, pass the following resolution –

"That approval is given, for the purposes of ASX Listing Rule 7.2 (Exception 9), for the Directors to issue options in accordance with the Company's Employee Incentive Scheme as an exception to the restriction in ASX Listing Rule 7.1."

A copy of the Company's Employee Incentive Scheme accompanies this Notice of Meeting.

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## 5. REMUNERATION REPORT

To consider and, if thought fit, pass the following resolution –

“That the Remuneration Report as set out in the Company’s 2007 Annual Report is adopted”.

The Corporations Act requires that this Resolution be put to a vote at the Annual General Meeting, but also provides that the Resolution is advisory only and will not bind the Company or its directors. It is a means for shareholders to express their views about the remuneration of directors and senior management.

In accordance with Regulation 7.11.37 of the Corporations Regulations, the Company has determined that, for the purposes of the meeting, shares in the Company are taken as being held by the persons who hold them as at 7.00 p.m. (Sydney time) on Tuesday 6<sup>th</sup> November, 2007.

Further details regarding the business of the meeting are set out in Sections 1 to 5 of the Explanatory Memorandum, which accompanies and forms part of this Notice of Meeting. Terms used in this Notice of Meeting have the meaning ascribed to them in the Explanatory Memorandum.



BY ORDER OF THE BOARD

Ric Sotelo  
Chief Financial Officer and Company Secretary  
3 October 2007

If you are not able to attend the General Meeting but wish to vote, please complete and return the attached form of proxy. To be valid, completed proxy forms must be received at the address given below not later than 48 hours before the commencement of the Meeting, i.e. by no later than 11:00 am Melbourne time on Tuesday 6<sup>th</sup> November 2007. Any proxy form received after that time will not be valid for the scheduled Meeting.

Proxy forms may be lodged by posting the completed form in the reply paid envelope provided (Australia only), or delivering or faxing the completed form to the address or fax number below:

**By facsimile:**

Australian based investors: (02) 9287 0309  
Overseas based investors: +61 2 9287 0309

**By mail or hand delivery:**

Molopo Australia Limited, C/- Link Market Services Limited, Locked Bag A14 Sydney South NSW 1235.  
Delivering it to Level 12, 680 George Street, Sydney NSW 2000

**NOTES:**

The details of the resolutions contained in the Explanatory Memorandum accompanying this Notice of Annual General Meeting should be read together with and form part of this Notice of Annual General Meeting.

Under the Company’s Constitution, the Chairman of the board will act as chairman of the Meeting. Where the Chairman is appointed as proxy, he intends voting undirected proxies in favour of all resolutions set out in the Notice of Meeting.

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## PROXIES:

1. A member entitled to attend and vote at the meeting has the right to appoint not more than two proxies.
2. A member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise one half of the member's votes. If the member appoints two proxies, neither proxy may vote on a show of hands.
3. A proxy need not be a member of the Company.
4. Proxies given by corporations must be signed in accordance with the constituent documents of the corporation or the laws in force in its place of incorporation, or by a duly appointed attorney. For Australian corporations, it is sufficient if the proxy is signed by two directors, a director and the secretary, or (in the case of a proprietary company) a person who is the sole director and secretary.
5. Where a proxy form is signed on behalf of a shareholder by an attorney or agent, the proxy will not be valid unless the power of attorney or other authority (if any) under which it is signed (or a certified copy thereof) is lodged with the Company by delivery or mail, to the addresses specified above for the lodgement of proxy forms, no later than 48 hours before the scheduled time for commencement of the meeting.
6. A proxy form accompanies this Notice of Meeting.

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# EXPLANATORY MEMORANDUM

## IMPORTANT NOTICE

This Explanatory Memorandum is an explanation of, and contains information about, the items to be considered at the Annual General Meeting. It is given to Molopo Australia Limited shareholders to help them determine how to vote on the resolutions set out in the accompanying Notice of Meeting.

Shareholders should read this Explanatory Memorandum in full because individual sections may not give a comprehensive review of the proposals contemplated in this Explanatory Statement. This Explanatory Statement forms part of the accompanying Notice of Meeting and should be read with the Notice of Meeting.

If you are in doubt about what to do in relation to proposals contemplated in this Explanatory Memorandum, you should consult your financial or other professional advisor.

This Explanatory Memorandum is dated 3 October 2007.

### 1. THE FINANCIAL STATEMENTS AND REPORTS

The 2007 Annual Report has been sent to all shareholders and those shareholders wishing to attend the Annual General Meeting are invited to put questions to the Board on matters contained in that Annual Report.

### 2. RE-ELECTION OF DIRECTORS

Mr Ian Gorman was appointed by the Board after the 2006 annual general meeting. Under the Listing Rules of ASX Limited he is required to seek re-election at the 2007 annual general meeting if he wishes to continue in office. Being eligible, Mr Gorman has offered himself for re-election as a director.

Clause 22 of the Company's Constitution requires that at every annual general meeting 1/3<sup>rd</sup> of the Directors (except the Managing Director) must retire from office. A retiring Director is eligible for re-election. Where the number of Directors is not a multiple of 3 the number required to retire is the number nearest to 1/3<sup>rd</sup>. Also, a Director (except the Managing Director) wishing to continue in office past the end of the 3<sup>rd</sup> annual general meeting after last being elected (or re-elected) must seek re-election at that meeting. Mr Don Beard, who is currently the Chairman of the Board, retires by rotation in accordance with clause 22 of the Company's Constitution and, being eligible, has offered himself for re-election as a director.

Information regarding Mr Gorman and Mr Beard is set out below.

Mr Ian Gorman B.A. (Hons), M.A., Grad Dip (Bus Mgt)  
Chief Operating Officer and Executive Director

Mr Gorman was appointed non-executive director of Molopo Australia Limited on 13 November 2006, and became executive director and Chief Operating Officer on 4 April 2007. He has 26 years experience in oil, gas and coal bed methane ("CBM"), 7 with Shell International in South-east Asia and 19 with BHP Billiton Ltd in a number of petroleum engineering and management roles. From 2002 to 2007 Mr Gorman was Global Technical Leader for BHP Billiton's worldwide CBM activities.

Mr Gorman was Global Technical Director (Production and Operations) for the International Society of Petroleum Engineers from 2003 to 2006.

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Mr Gorman was non-executive director and Chairman of ASX-listed 3D Oil Ltd from September 2006 to September 2007.

Mr Donald Beard, BSc (Hons) Geol & Min.  
Chairman, Non Executive

Mr Beard was appointed a Director of Molopo Australia Limited on 2 April 2001 and was re-elected at the Annual General Meeting in 3 November 2005. He spent the first five years of his career in Australia working as a geologist. In 1976 he moved to Balikpapan, Indonesia, with Union Oil Company of California. In 1978 he joined IAPCO where he was promoted to Vice President Exploration Asia/Pacific for the Diamond Shamrock International Petroleum Corporation. In 1986 Mr Beard returned to Australia and was appointed the Chief Executive and Director for Peko Oil Ltd. SANTOS took over Peko in 1988 and Mr. Beard retired from Peko in 1990. From September 1990 to March 1999, Mr. Beard was Managing Director of Cultus Petroleum NL.

### 3. CONSOLIDATION OF THE COMPANY'S ORDINARY SHARES

This Resolution seeks to consolidate the Company's share capital in a ratio of 1 share for every 5 shares held.

If passed, this will result in the issued capital of the Company reducing from 913,206,877 ordinary shares to approximately 182,641,375 ordinary shares, assuming that there is no change in the Company's issued capital of 913,206,877 shares prior to the date on which the consolidation takes effect. The exact number of shares post-consolidation is dependent on the extent (if any) of the adjustments required to deal with fractional holdings. As noted in the resolution, where a holding is not exactly divisible by 5, so that there is a fractional remainder, the fraction will be dealt with on the basis that the holding will be rounded to the nearest whole number except where the holding is less than 1 share, or the fraction is precisely one-half, in which case the holding will be rounded up to the next highest number.

Individual holdings will be reduced in accordance with the consolidation ratio.

This proposal requires shareholder approval by ordinary resolution under section 254H of the Corporations Act.

The consolidation does not affect the amount of the Company's assets or liabilities. Accordingly, it is reasonable to assume that, immediately after the consolidation, the Company's overall market capitalisation should remain the same and that the market value of each holding should remain the same. Theoretically, a five-fold decrease in the number of shares outstanding should be offset by a commensurate five-fold increase in the market price per share. In reality, the actual effect on the per share market price will depend on a number of factors outside the control of the Company, including the impact on market perceptions and potential alterations in the range of market participants who are interested in dealing in the Company's shares, so that the market price following consolidation may be higher or lower than the theoretical post-consolidation price.

Compared to its peers listed on the ASX, the Company has an abnormally high number of shares on issue compared to its market capitalisation. The board believes that the share consolidation will establish a share price in a range that is more appropriate for a listed entity of the Company's size. It also believes that, when dealing with foreign governments, agencies and companies, a share price substantially lower than \$1 creates a negative perception that is unhelpful to the Company's ambitions.

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As the consolidation applies equally to all members (subject only to rounding of fractions), it will have no material effect on the percentage interest of each member in the Company. Furthermore, the aggregate value of each member's proportional interest in the Company should not materially change solely as a result of the consolidation (the only changes will be due to rounding).

The Company has issued options to various directors and employees. All such options were issued on the terms and conditions set out in the Company's Employee Incentive Scheme. As set out in those terms and conditions, the number of shares covered by each option agreement will be reduced by a factor of 5 and the exercise price will be increased by a factor of 5. This adjustment is in accordance with the requirements of the ASX Listing Rules. Accordingly, the consolidation will not result in any benefit being provided to the holders of options.

The proposed consolidation, if approved by shareholders, will take effect at 7.00 p.m. on the date the resolution is passed. Trading in the Company's shares on ASX Limited will be on post consolidation deferred settlement basis from the business day immediately following the date of the meeting and will trade on an ordinary settlement basis (T + 3) from Thursday, 22 November, 2007.

The directors believe that the consolidation is fair and reasonable to the Company's shareholders as a whole, and that it will not prejudice the Company's ability to pay its creditors. The consolidation will have no tax implications for members whose shares are consolidated.

The proposed timetable in respect of the share consolidation is as follows:

Annual General Meeting	Thursday 8 November, 2007
Post-consolidation trading begins on ASX but on a deferred settlement basis	Friday, 9 November, 2007
Last date for processing of transfers relating to pre-consolidation transactions on ASX	Thursday, 15 November, 2007
Despatch of holding statements showing post-consolidation holdings	Thursday, 22 November, 2007
Normal (T+3) Trading begins on ASX	Thursday, 22 November, 2007

If the Company is in a position to despatch holding statements prior to 22 November, 2007 the actual date of despatch will be substituted for 22 November, 2007 in the table above. The Company will keep ASX Limited informed as to the anticipated date of despatch. In any event, despatch will not occur prior to Friday, 16 November, 2007.

#### **4. EMPLOYEE INCENTIVE SCHEME**

ASX Listing Rule 7.1 restricts the number of equity securities (including shares and options) that can be issued by the Company without shareholder approval in any 12 month period (determined on a rolling basis) to 15% of the number of fully paid ordinary shares on issue at the beginning of that period. For the purposes of applying the formula in the Listing Rule, in determining the number of options that can be issued, the Company is regarded as issuing a number of equity securities equal to the maximum number of fully paid shares into which the options can be converted.

Various exceptions are set out in ASX Listing Rule 7.2. Shares or options issued with shareholder approval, or under an exception, are treated as being part of the base number, i.e. as if being on issue at the start of the period, thus increasing the number of shares that can be issued in the future

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without approval.

Exception 9 in ASX Listing Rule 7.2 applies to an issue of equity securities under an employee incentive scheme if within 3 years before the date of issue the holders of ordinary shares in the Company have approved the issue of securities under the employee incentive scheme as an exception to Listing Rule 7.1.

Accordingly, if the resolution is passed, the Directors will be able to issue options under the Company's Employee Incentive Scheme without being constrained by the limitation in Listing Rule 7.1. However, Exception 9 ceases to be available if there is any subsequent change to the number or terms of the securities that can be issued under the Scheme, the mechanism for pricing or payment or any other material terms of the Scheme.

A copy of the Company's Employee Incentive Scheme accompanies this Explanatory Memorandum. It permits the Board to issue options to Directors, senior officers, full-time or part-time employees or consultants of the Company or any related body corporate and relatives or associates (acceptable to the Board) of any such person.

Under the Company's Employee Incentive Scheme, options granted under the Scheme must not subsist over more than 10 percent of the total number of issued shares in the Company at any time and no single participant under the Scheme may be granted options over more than 5 percent of the total number of issued shares in the Company.

If passed, the resolution will cease to provide relief from the restrictions in ASX Listing Rule 7.1 after 3 years unless the approval is subsequently renewed.

The approval will not relieve the Company from the need to seek specific approval for any future issue of options to any director or associate of a director. If the Company wishes to issue options to a director (or an associate of a director) it will need to obtain separate approval.

The terms and conditions of the Company's Employee Incentive Scheme were last approved at the general meeting held on 27 April 2000.

Since the last approval of the Company's Employee Incentive Scheme, the total number of options issued under the Scheme is 30,250,000. At the time of issue, each option entitled the holder to apply for 1 fully paid ordinary share in the Company at the applicable exercise price, although the Scheme provides for adjustments to be made to take account of subsequent reorganisations of capital in accordance with the ASX Listing Rules. The applicable exercise prices differ as between the various options depending on when they were granted and the market price of the Company's shares at the time.

Of the options granted under the Scheme since the last approval on 27 April 2000, 9,000,000 have been exercised and 13,250,000 remain outstanding. If the consolidation is approved the number of outstanding options will reduce to 2,650,000.

The number of shares over which the outstanding options under the Scheme subsist is equal to 1.45% of the total number of issued ordinary shares in the Company.

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As required by ASX listing rule 14.11, the Company will disregard any votes cast on the resolution by any director of the company and associates of any director; 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.

## **5. REMUNERATION REPORT**

As mentioned earlier, the Corporations Act requires that this Resolution be put to a vote at the Annual General Meeting, but also provides that the Resolution is advisory only and will not bind the Company or its directors. It is a means for shareholders to express their views about the remuneration of directors and senior management.

Each of the directors recommends that shareholders vote in favour of the proposed resolutions except that Mr Ian Gorman makes no recommendation in relation to the resolution for his re-election and Mr Don Beard makes no recommendation in relation to the resolution for his re-election.

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## ANNEXURE I

### MOLOPO AUSTRALIA LIMITED EMPLOYEE INCENTIVE SCHEME TERMS AND CONDITIONS

#### 1. DEFINITIONS

1.1. For the purposes of this Scheme, unless the context requires otherwise, the following words and phrases shall have the meaning given to them below:

"Associate" has the same meaning as in Division 13A of Part III of the Tax Act.

"ASX" means ASX Limited (A.C.N. 008 624 691).

"Bonus Issue" means a Pro-Rata Issue of securities to the holders of Shares for which no consideration is payable (including an issue by way of capitalisation of profits, share premium account, capital redemption reserve, or any other reserve).

"Bonus Securities" means securities issued under a Bonus Issue. "Business Day" has the same meaning as in the Listing Rules.

"Change of Control" means any change in the shareholding of the Company as a result of which the composition of the Board of Directors of the Company can be determined or controlled by parties who were not able to determine or control the composition of the Board of Directors at the time at which relevant Shares were issued under this Scheme.

"Company" means Molopo Australia Limited (ABN 79 003 152 154)

"Date of Issue" means the date on which Shares are issued to a Participant.

"Directors" means the Board of Directors of the Company from time to time.

"Eligible Associate" means a Relative or Associate of an Eligible Person, who is

- a) nominated by that Eligible Person, by written notice to the Directors, as the recipient of Options under this Scheme; and
- b) acceptable to the Directors.

"Eligible Person" means any person who is a Director, senior officer, full-time or part-time employee, or consultant, of the Company or any Related Body Corporate.

"Exercise Date" means the date on which an Option is exercised validly in accordance with the

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requirements of this Scheme.

**"Exercise Notice"** means a notice duly executed by an Optionholder, or a duly appointed attorney or personal representative of the Optionholder, stating that the Optionholder or the personal representative exercises a specified number of Options and, if that number is less than the total number of Options held by the Optionholder and the Optionholder holds Options which were issued on different dates or which have different Exercise Prices, properly identifies the Options being exercised.

**"Exercise Period"** means such period or periods as may be determined by the Directors for the purposes of this definition, and notified to the Participant at the time of inviting the Participant to apply for the grant of the Option or, if no such period is so determined, any time between the Grant Date and the Expiry Date.

**"Exercise Price"** means the Initial Exercise Price or such other price as from time to time is applicable as a result of the adjustments required to be made in accordance with the provisions of this Scheme.

**"Expiry Date"** means, in respect of any Option, the earliest of:

- a) the date determined by the Directors for the purposes of this definition, and notified to the Participant at the time of inviting the Participant to apply for the grant of the Option (which must be specified on the certificate or other statement issued to the Participant in respect of the Option);
- b) any earlier date on which the Option ceases to be exercisable, lapses, or expires under any other provision of this Scheme; and
- c) the date five years after the Option is granted, or such other period (if any) as from time to time is specified under the Corporations Act as the longest period during which a valid Option may remain exercisable.

**"Grant Date"** means, in respect of any Option, the date on which the Directors resolve to grant the Option.

**"Initial Exercise Price"** means the price determined by the Directors for the purposes of this definition, and notified to the Participant at the time of inviting the Participant to apply for the grant of the Option, which must be :

- (a) not less than the Market Price on the day on which the Directors make the determination; and
- (b) not less than the minimum Exercise Price (if any) required in respect of Options under the Listing Rules at the time on which the Option is issued; and

(c) specified on the certificate or other statement issued to the Participant in respect of the Option.

**"Listing Rules"** means the Official Listing Rules from time to time of ASX.

**"Market Price"** means, in respect of Shares, on the day that such a price is to be determined, the weighted average market price of the Shares calculated by reference to the Register of Sales in respect of the Shares produced by ASX in respect of the five (5) Business Day period up to, and including, the Business Day prior to the day on which such price is to be determined.

**"Option"** means an Option to subscribe for one Share (or such other number as may be applicable in accordance with the provisions for adjustment set out in this Scheme) at the Exercise Price during such period or periods prior to the Expiry Date as are applicable under this Scheme from time to time.

**"Optionholder"** means a person whose name is entered in the Register as the holder of an Option.

**"Option Certificate"** means a certificate issued by the Company certifying that the person named in the certificate is entered in the Register as the holder of a specified number of Options.

**"Participant"** means each person to whom an Option is granted under this Scheme.

**"Pro-Rata Issue"** means an issue of Shares by the Company where the Shares are offered to holders of issued Shares on a pro-rata basis.

**"Record Date"** means a date specified by the Company or any other relevant entity as the date by reference to which any entitlement regarding Shares will be determined (whether in relation to any dividend or other distribution, an issue of securities, rights to subscribe for or buy securities, or otherwise).

**"Register"** means the register of Optionholders maintained under the Corporations Act.

**"Related Body Corporate"** has the meaning given to that term under the Corporations Act.

**"Relate"** has the same meaning as in the Tax Act.

**"Scheme"** means the Molopo Australia Limited Employee Incentive Scheme established by this document.

"Share" means an ordinary share in the capital of the Company.

"Tax Act" means the Income Tax Assessment Act 1936 of Australia.

1.2. Where a word or phrase is given a particular meaning, other parts of speech and grammatical forms of that word or phrase have corresponding meanings.

1.3. Words importing the masculine gender shall include the feminine and the neuter genders, and the singular shall include the plural and vice versa.

## 2. Establishment of the Scheme

2.1 The Scheme created by this document shall be called the Molopo Australia Limited Employee Incentive Scheme.

2.2 Subject to these Terms and Conditions, the Directors may administer the Scheme as they may determine from time to time in their absolute discretion.

## 3. Object of the Scheme

The object of the Scheme is to facilitate the issue of Options over shares in the capital of the Company to Eligible Persons and thereby to advance the interests of the Company and its shareholders by providing sufficient incentives to attract and retain personnel of high calibre to the Company.

## 4. Grant of Options

4.1. Subject to these Terms and Conditions, the Directors may administer the Scheme as they may determine from time to time in their absolute discretion.

4.2. The Directors may issue invitations to Eligible Persons to apply for a specified number of Options to be granted to each Eligible Person or an Eligible Associate free of charge on the terms and conditions of this Scheme. Each invitation must specify the Initial Exercise Price, the Expiry Date, and the applicable Exercise Periods (if any). Subject to any express provision of this Scheme the Directors have an unfettered discretion to determine the persons to whom invitations will be issued, the number of Options specified in the invitation, the Initial Exercise Price, the Expiry Date, and any applicable Exercise Periods.

4.3. As soon as practicable after the Grant Date, the Directors shall issue to each Participant a certificate or a statement of the holding (depending on whether securities of the Company are held in certificated or uncertificated form) showing the number of Options granted to the Participant, the Initial Exercise Price, the Expiry Date and other terms and conditions applicable

to those Options.

4.4. The total number of Shares over which Options granted under this Scheme may subsist at any time must not exceed 10 percent of the total number of issued Shares. No single Participant may be granted Options over a number of Shares greater than 5 percent of the issued Shares.

## 5. Duration of Options

5.1. An Option expires at 4.00pm Melbourne Time on the Expiry Date applicable to it.

5.2. An Option lapses automatically if it is not exercised before that time.

## 6. Exercise of Options

6.1. Subject to Clause 6.3, an Optionholder may exercise an Option at any time during an Exercise Period by delivering to the Company at its registered office, or such other address as may be stipulated by the Directors for the purpose of this Scheme:

- (a) A duly completed and signed Exercise Notice;
- (b) If applicable, the power of attorney under which the Exercise Notice is signed or a notarised copy;
- (c) Payment in full of the Exercise Price; and
- (d) If any Option Certificate has been issued for the relevant Options, the relevant Option Certificate.

6.2. Payment may be made by cheque but, if so:

- (a) No Shares will be issued until the Company received cleared funds; and
- (b) The Option will be regarded as having not been validly exercised if the cheque is not honoured on first presentation.

6.3. A Notice of Exercise must relate to Options conferring an entitlement to at least 1,000 Shares.

## 7. Issue of Shares

7.1 The Company must issue Shares upon valid exercise of an Option within 10 Business Days of the Exercise Date, but in any event prior to any applicable Record Date occurring after the Exercise Date.

7.2 Subject to Clause 7.3, Shares issued upon exercise of an Option rank equally in all

respects with all other issued Shares from the date of issue.

7.3 Any Bonus Securities issued as a result of the exercise of an Option rank equally in all respects with other issued securities of that type as from the date of issue.

7.4 Forthwith after the Company issues Shares as a result of the exercise of Options, it must apply to ASX for official quotation of those Shares. If any Bonus Securities are issued by the Company as a result of an Option being exercised and, at the time, those Bonus Securities are in a class of securities which are listed for official quotation by ASX, the Company must apply to ASX forthwith for official quotation of the Bonus Securities so issued.

## 8. Assignment

An Option issued under this Scheme may not be assigned or otherwise transferred.

## 9. Reorganization of Capital

9.1 Subject to Clause 9.2, if after the Grant Date in respect of an Option and before the Exercise Date the issued capital of the Company is reorganised (whether by consolidation, subdivision, reduction by way of return of capital on each Share, reduction by cancellation of capital that is lost or not represented by available assets, pro-rata cancellation of a specified proportion of the Shares held by each Shareholder, or otherwise) the number of Shares to be issued upon exercise of an Option and the Exercise Price ( or both) must be adjusted, as appropriate, to ensure that :

- (a) Optionholders are not disadvantaged by any such reorganisation; and
- (b) Optionholders do not receive any benefit from the reorganisation that the holders of other securities of the Company do not receive.

9.2 If the Listing Rules require that specified adjustments be made in respect of Options as a result of a reorganisation of capital, the adjustments referred to in Clause 9.1 must be made in accordance with the applicable Listing Rules, and the making of those adjustments is deemed to satisfy the requirements of Clause 9.1. *For* clarity, it is recorded that, as at the date of the adoption of this Scheme, the applicable Listing Rule is 7.22.

9.3 If, in relation to the relevant reorganisation, the Shareholders resolve that fractions are to be disregarded or, that any rounding is to occur, the adjustments under Clause 9.1 must be made on the same basis.



**10. Bonus Issues**

- 10.1 If, after the Grant Date in respect of an Option, but before the Exercise Date, the Company makes any Bonus Issue, an Optionholder is entitled upon exercising the Option to receive, without cost, a number of Bonus Securities equal to the number which the Optionholder would have received had the Optionholder exercised the Option prior to the Record Date for that Bonus Issue.
- 10.2 For clarity, if more than one relevant Bonus Issue occurs, the entitlement to Bonus Securities is determined on a cumulative basis to take account of any entitlement to Bonus Securities which would have been derived from a prior Bonus Issue.
- 10.3 If, in connection with a Bonus Issue, any Bonus Securities were paid up by the application of amounts standing to the credit of any particular account of the Company, the Bonus Securities issued to an Optionholder on exercise of an Option must be paid up by applying amounts standing to the credit of the same account. The Company must preserve a balance in each such account at all times sufficient to allow it to satisfy this requirement.

**11 Other New Issues of Securities**

- 11.1 An Option issued under this Scheme does not confer on the Optionholder any right to participate in any issue of securities, or other transaction, in respect of which entitlements are conferred by the Company on the holders of issued Shares, although if the Option is exercised before the Record Date for that issue, or other transaction, the Shares and Bonus Securities (if any) issued as a result will confer the same entitlement in respect of the issue, or other transaction, as is conferred by all other issued Shares.
- 11.2 If the Company proposes to make any issue of Shares or other securities, or to carry out any other transaction in respect of which the holders of issued Shares are to receive an entitlement, and the Optionholder has the right under this Scheme to exercise the Option before the proposed Record Date for that issue or other transaction, the Company must notify the Optionholder of the proposal at least 9 Business Days before the relevant Record Date.
- 11.3 If, after the Grant Date in respect of an Option and before the Expiry Date, the Company makes a Pro- rata Issue of Shares (other than a Bonus Issue) the Exercise Price is to be adjusted in accordance with the following formula:

$$O' = \frac{O - E [P - (S+D)]}{N+I}$$

O' =	the new Exercise price. The new exercise price must not be reduced below
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	the par value (if any) of the Shares if, at the time or issuing, the Corporations Law prohibits the Company from issuing Shares at less than their par value
O =	the old Exercise Price
E =	the number of Shares into which one Option is exercisable
P =	The Market Price for the period ending on the day before the ex-rights date or ex-entitlements date
S =	the subscription price for a Share under the Pro-rata Issue
D =	the dividend due but not yet paid on the existing Shares (except those to be issued under the Pro-rata Issue)
N =	the number of Shares with rights or entitlements that must be held to receive a right to one new Share

For the avoidance of doubt, the intent is that, on exercising the Option, the Optionholder derives the benefit of any bonus element in the Pro-rata Issue. This benefit is the same as that conferred on the holder of Shares having an entitlement in the Pro-rata Issue. There is no change in the number of Shares subject to Option. Any rounding necessary to avoid fractions of a cent is to occur after aggregating the exercise price for all Options exercised at anyone time.

## 12. Notification of Adjustments

As soon as practicable after any Bonus Issue or Pro-rata Issue, but in any event no later than required by the Listing Rules, the Company must notify each Optionholder of any change to the Exercise Price or the number of Shares subject to the Option (including any Bonus Securities).

## 13. Options not Quoted

The Company must not apply to ASX for official quotation of any Options granted under this Scheme.

## 14. Takeovers

14.1 If, after the Grant Date in respect of an Option but before the Expiry Date a takeover bid is made, in respect of Shares, or a Change of Control occurs, the Directors must notify each Optionholder of that occurrence and, if any Optionholder would not otherwise be entitled to exercise an Option during the ensuing 30 days after the notice is served, that an additional Exercise Period has arisen (being that period of 30 days, which must be specified).

14.2 Upon notice being given of a general meeting to consider a resolution for the winding up of the Company, each Option shall be exercisable during the period prior to the date of the meeting, despite any other provision of this Scheme.

14.3 If, in any scheme of arrangement relating to the Company, specific provision is not made for Options issued under this Scheme, and the other provisions of this Scheme do not provide for any adjustment to take account of the effect of the Scheme, the number of Shares subject to each Option or the Exercise Price (or both) shall be adjusted in such manner as is appropriate to ensure that, as far as possible,

- (a) Optionholders are not disadvantaged by the scheme of arrangement; and
- (b) Optionholders do not derive a benefit from the adjustment that is disproportionate to the benefits derived by the holders of other securities of the Company under the scheme of arrangement.

## 15. Determination of Adjustments

If any event occurs as a result of which an adjustment is required to the number of Shares subject to any Option or the Exercise Price (or both) the Directors may refer the calculation of the appropriate amount of any such adjustment to the auditors or a member of the Institute of Chartered Accountants in Australia for determination. In making any determination the relevant person is regarded as acting as an expert and not as an arbitrator and the provisions of any statute relating to arbitration do not apply to the determination.

## 16. Stamp Duty

All stamp duty (if any) payable on, or in relation to the grant of any Option, or the issue of any Share, under this Scheme is to be borne solely by the Participant who must keep the Company indemnified against any liability for the same.

## 17. Cancellation of Options

17.1 If any of the following events occurs, each Option issued to the relevant Eligible Person, or the Eligible Associate nominated by that Eligible Person, expires and is automatically cancelled on the date, or at the end of the period, stipulated in relation to the relevant event:

- (a) termination of the employment of an Eligible Person by dismissal for fraud, defalcation, or gross misconduct - immediately on the date the event occurs;
- (b) termination of employment of an Eligible Person as a result of resignation (except as a result of total and permanent disability) - 6 months after termination;
- (c) termination of employment of an Eligible Person as a result of death, or total and permanent disability - 12 months after termination;

- For personal use only
- (d) termination of employment for any other reason not referred to above - 6 months after termination;
  - (e) resignation of the Eligible Person as a Director -6 months after the resignation becomes effective;
  - (f) removal of the Eligible Person from office as a director, or the failure of that person to be re-elected as a Director at a meeting at which the person stands for re-election - 6 months after the person ceases to be a Director;
  - (g) the Eligible Person ceasing to be a director as a result of a contravention of any statute, or the making of an order made by the Australian Securities Commission or a court of competent jurisdiction - immediately upon the person ceasing to be a Director;
  - (h) the Eligible Person ceasing to be a Director for any other reason - 12 months after the person ceases to be a Director.

17.2 For the purposes of clause 17.1:

- (a) a person is regarded as not having resigned as, or as having ceased to be, a Director where the person is required by the Articles of Association or the Corporations Act to retire but is eligible to, and does, stand for re-election; and
- (b) a person is not regarded as having resigned from employment, or as having ceased to be an employee, if at or about the same time the person is re-engaged as an employee of the Company or a Related Body Corporate.

## 18. Administration

The Scheme shall be administered by a sub-committee of the Board of Directors, which shall be comprised of Directors nominated by the Board, who shall have the power to:

- (a) determine appropriate procedures for the administration of the Scheme consistent with its terms;
- (b) delegate to any one or more persons for such period, and on such conditions as they may determine, the exercise of any of their powers or discretions arising under the Scheme; and
- (c) suspend or terminate the Scheme at any time, but only on the basis that such suspension or termination shall have no adverse effect on any accrued right of any Participant.

All costs associated with the administration of the Scheme shall be borne by the Company.

## 19 Power To Vary Rules

19.1 The Directors, subject to obtaining any necessary prior approval of shareholders in accordance with the Listing Rules, may at any time, and from time to time by supplemental document, revoke, add to or vary all or any of the terms and conditions contained in this document (as varied from time to time) and may, by the same or any other document, declare any new or other terms and conditions concerning the issue of Shares to Participants, provided that the additions, alterations or variations:

- (a) relate to the issue of Shares or the Company's or the Director's powers or discretions;
- (b) do not affect a Participant's entitlement to any Shares which arose before the date of variation, alteration or addition, unless prior written consent is obtained from each affected Participant; and
- (c) except as provided in this document, do not vary, alter or add to any rights or restrictions attaching to the Shares, unless the prior written consent is obtained from each affected Participant.

19.2 This document shall not be capable of being revoked, added to or varied otherwise than as provided in this Clause.

## 20 Commencement

Subject to the Company in general meeting passing any necessary resolutions to approve the Scheme, the Scheme shall take effect from March 1, 1997.

## 21. Notices

21.1 Any notice required to be given pursuant to the Scheme shall be in writing and shall be given by:

- (a) delivering it to the party personally, or at their address, on a Business Day during ordinary business hours; or
- (b) by sending it to the address of the party by prepaid airmail post if overseas, otherwise by prepaid ordinary post.

21.2 A notice shall be deemed to be given and received:

- (a) if given in accordance with subclause 21.1 (a), on the Business Day next after the day of delivery; or
- (b) if given in accordance with subclause 21.1 (b), five business days after the day of posting.

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22. Proper Law

The provisions of the Scheme shall be governed and construed according to the laws of Victoria, Australia.

For personal use only



# Molopo Australia Limited

ABN 79 003 152 154

M O L O P O  
AUSTRALIA LIMITED

## APPOINTMENT OF PROXY

If you would like to attend and vote at the Annual General Meeting, please bring this form with you. This will assist in registering your attendance.

Please return your Proxy forms to:

Link Market Services Limited  
Level 12, 680 George Street, Sydney NSW 2000  
Locked Bag A14, Sydney South NSW 1235 Australia  
Telephone: 1300 554 474  
From outside Australia: +61 2 8280 7111  
Facsimile: (02) 9287 0309  
ASX Code: MPO  
Website: www.linkmarketservices.com.au



X99999999999

I/We being a member(s) of Molopo Australia Limited and entitled to attend and vote hereby appoint

**A** the Chairman of the Meeting (mark box)

**OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/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 instructions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of the Company to be held at 11:00am on Thursday, 8 November 2007, at Level 14, 31 Queen Street, Melbourne and at any adjournment of that meeting.

Where more than one proxy is to be appointed or where voting intentions cannot be adequately expressed using this form an additional form of proxy is available on request from the share registry. Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting. The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

**B** To direct your proxy how to vote on any resolution please insert  in the appropriate box below.

	For	Against	Abstain*		For	Against	Abstain*
<b>Resolution 2a</b> Re-election of a Director – Mr Ian Gorman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Resolution 4</b> Employee Incentive Scheme	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 2b</b> Re-election of a Director – Mr Don Beard	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Resolution 5</b> Adoption of Remuneration Report (advisory only)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 3</b> Consolidation of the Company's Ordinary Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

### IMPORTANT: FOR ITEM 2b AND 4 ABOVE

If the Chairman 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 Item 2b and 4 above, please place a mark in this box. By marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even though he/she has an interest in the outcome of these Items and that votes cast by him/her for these Items, other than as proxyholder, 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 2b and 4 and your votes will not be counted in calculating the required majority if a poll is called on these Items. The Chairman of the Meeting intends to vote undirected proxies in favour of Items 2b and 4.

**C**

\* 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.

## D SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Securityholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Securityholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Securityholder 3 (Individual)

Director

This form should be signed by the securityholder in accordance with the instructions overleaf.

Link Market Services Limited advises that Chapter 2C of the *Corporations Act 2001* requires information about you as a securityholder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. Information is collected to administer your securityholding and if some or all of the information is not collected then it might not be possible to administer your securityholding. Your personal information may be disclosed to the entity in which you hold securities. You can obtain access to your personal information by contacting us at the address or telephone number shown on this form. Our privacy policy is available on our website (www.linkmarketservices.com.au).

MPO PRX742



## How to complete this Proxy Form

### 1 Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### 2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in section A. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in section A. 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 shareholder of the company. A proxy may be an individual or a body corporate.

### 3 Votes on Items of Business

You should direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares 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 shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, 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 persons as 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 shares 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.

### 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, either securityholder may sign.
- Power of Attorney: to sign under Power of Attorney, you must have already lodged the Power of Attorney 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 the corporation 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.

### 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 by 11:00am on Tuesday, 6 November 2007, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the reply paid envelope or:

- by posting, delivery or facsimile to Molopo Australia Limited's share registry as follows:  
Molopo Australia Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Facsimile: (02) 9287 0309
- delivering it to Level 12, 680 George Street, Sydney NSW 2000.