

# Klondike Source Limited

ACN 087 595 980

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the fifth Annual General Meeting of the members of Klondike Source Limited ("Company") will be held at Level 11, 80 Arthur Street, North Sydney on Thursday, 27 May 2004 at 4.00pm.

### ORDINARY BUSINESS

#### 1. Financial Statements

To receive the Reports of the Directors and Auditors, and the Financial Report for the year ended 31 December 2003.

#### 2. To elect a Director

Mr P J D Elliott, who was appointed a director since the last Annual General Meeting, retires as a Director pursuant to clause 16 of the Company's Constitution and, being eligible, offers himself for re-election.

#### 3. To elect a Director

Mr R J Soper retires as a Director by rotation pursuant to clause 17 the Company's Constitution and, being eligible, offers himself for re-election.

### SPECIAL BUSINESS

#### Alteration of constituent documents to include reference to NSX

#### 4. To amend the Constitution

To consider, and if thought fit, pass as a special resolution:

The Company resolves, with effect from the date of this meeting, to approve and adopt the following amendments to the Constitution of the Company:

1. Immediately following sub-clause 1.4(c), insert the following new sub-clause 1.4(d):  
"1.4(d) If the Company is admitted to the Official List of the NSX paragraphs (a) to (f) inclusive of sub-clause 1.4(c) shall apply except that for the purposes of this sub-clause 1.4(d), any reference to "Listing Rules" shall mean and refer to the listing rules of NSX".

#### 2. Clause 1.1 -Definitions

In sub-clause 1.1 make the following amendments to the definitions:

##### (i) "Listed"

Delete the present definition of "Listed" and replace it with the following new definition:

"**Listed** means having been admitted to the official list of ASX, or the official list of NSX, as the case may be."

##### (ii) "Listing Rules"

Delete the definition of "Listing Rules" and replace it with the following new definition:

"**Listing Rules**, means, where the Company is Listed on the ASX, the listing rules of ASX, and where the Company is Listed on the NSX, the listing rules of NSX, in each case, as amended or replaced from time to time, except to the extent of any express written waiver by ASX or NSX, as the case may be, in their application to the Company."

- (iii) Add a new definition of "NSX" as follows:

"NSX" means the Stock Exchange of Newcastle Limited or any successor body.

## **5. To amend the Employee Incentive Option Plan (EIOP)**

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

The Company resolves, with effect from the date of this meeting, to approve and adopt the following amendments to the Employee Incentive Option Plan (EIOP) established by Resolution passed by the members on 11 January 2001:

In Clause 1 of the Employee Incentive Option Plan delete the present definitions of "ASX" and "ASX Listing Rules" and replace them with the following:

"ASX" means the Australian Stock Exchange Limited or where the Company is admitted to the Official List of the Stock Exchange of Newcastle Limited (NSX) shall be deemed to be a reference to NSX with respect to any securities listed on NSX.

"ASX Listing Rules" means the Listing Rules of the ASX or where the Company is admitted to the Official List of the Stock Exchange of Newcastle Limited (NSX), shall be deemed to be a reference to the Listing Rules of NSX, with respect to any securities listed on NSX.

## **6. Issue of EIOP Options**

To consider, and if thought fit, pass as ordinary resolutions:

The Company resolves to approve the issue of EIOP Options to each of the Directors of the Company other than the Founders as follows:

**6(a)** Patrick JD Elliott – 600,000 options

**6(b)** Robert G Adamson – 400,000 options

The expiry date of the options will be 27 May 2009. In accordance with the constituent rules of the EIOP, the exercise price of the options will be: the greater of 20 cents or the weighted average price of a KSL share over the five trading days immediately preceding the date of the exercise of the options. The Options will be subject to the terms and the rules set forth in the resolution of the members establishing the EIOP on 11 January 2001.

## **7. Issue of Founders Options**

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

The Company resolves to approve the issue of Founders Options to each of the Founding Directors as follows:

**7(a)** Colin M Thomas – 800,000 options

**7(b)** Raymond J Soper – 800,000 options

The expiry date of the options shall be 31 December 2007. The exercise price of the options shall be 30 cents. The options shall otherwise be subject to the same terms as those attaching to Founders options previously issued by the Company.

## **PROXIES**

Please note that:

- (a) a member of the Company who is entitled to attend and cast a vote at the meeting has a right to appoint a proxy;
- (b) the appointment may specify the proportion or number of votes that the proxy may exercise;
- (c) a member who is entitled to cast two or more votes at the meeting may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise;
- (d) 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 half the votes;
- (e) a proxy need not be a member of the Company; and

Unless the member specifically directs the proxy how to vote, the proxy may vote as he or she thinks fit or abstain from voting. If you wish to appoint a proxy, you should complete the attached proxy form and comply with details set out in that form for lodgement of the form with the Company.

The proxy form must be signed by the member or his or her attorney duly authorised in writing or, if the member is a corporation, either under the seal of the corporation (in accordance with its Constitution) or under the hand of an attorney duly authorised in writing or otherwise signed in accordance with the Corporations Act.

If any attorney or authorised officer signs the proxy form on behalf of a member, the relevant power of attorney or other authority under which it is signed or a certified copy of that power or authority must be deposited with the proxy form.

In the case of joint holders, all holders must sign.

To be effective, the Company must receive proxy forms at its registered office at least 48 hours before the time for holding the meeting.

*By Mail or Hand Delivery:*

Klondike Source Limited, Level 10, 80 Arthur Street, North Sydney

*By Facsimile:*

(02) 9954 4011

**BY ORDER OF THE BOARD**

**Robert J Waring**

Secretary

20 April 2004

# Klondike Source Limited

ACN 087 595 980

## EXPLANATORY NOTES

These explanatory notes set out information in connection with the business to be considered at the 2004 Annual General Meeting of Klondike Source Limited.

## ORDINARY BUSINESS

The following items of ordinary business will be considered at the meeting.

### Resolution 1

#### Financial Report

This item of business relates to the receipt and adoption of the Company's Financial Report for the year ended 31 December 2003.

### Resolutions 2 to 3

#### Election of Directors

Details of directors' qualifications and experience are set out in the Directors' Report section of the Annual Report. Mr Patrick J D Elliott, who was appointed a director since the last Annual General Meeting, retires as a Director pursuant to clause 16 of the Company's Constitution and, being eligible, offers himself for re-election. Mr Raymond J Soper was originally appointed a director of the Company on 15 May 1999. Under the Company's Constitution he retires by rotation, and being eligible, wishes to stand for re-election.

## SPECIAL BUSINESS

### Resolutions 4 and 5

#### Amendment of Constituent Documents

The proposed amendments to the Company's Constitution and the Employee Incentive Option Plan are made necessary as a consequence of the KSL's listing on the Stock Exchange of Newcastle Limited (NSX). An amendment to the Constitution requires a special resolution.

In May 2001 the Annual General Meeting passed a special resolution amending the Constitution to comply with the requirements of the Australian Stock Exchange Limited (ASX), prior to the Company's intended IPO on ASX in 2001. The amendments now proposed extend the 2001 amendments to apply to the NSX. The passing of this amendment to the Constitution is a listing requirement of the NSX.

Similarly, in January 2001 the members adopted an Employee Incentive Option Plan (EIOP) to enable directors to provide incentives, from time to time, to officers, employees and consultants of the Company who have or who may be expected to provide worthwhile contributions to the Company's success. The EIOP so established referred only to the ASX. The amendments proposed extend such references to include the NSX in respect of securities listed on that exchange.

### Resolution 6

#### Issue of EIOP options to Directors

The Directors have resolved to issue 2,200,000 new options under the Employee Incentive Option Plan (EIOP) to Directors and consultants who have contributed significantly to the Company's successful IPO and who are expected to contribute to the Company's future operations. Of these options, 1,800,000 options will be issued to the Directors, including the incoming Directors nominated by PacRim. The issue of these options to the Directors requires the approval of the members.

### Resolution 7

#### Issue of Founders Options

In further recognition of the dedicated services provided by the Founders of the Company, the Directors propose that each Founder be issued a further 800,000 options exercisable at 30 cents per share.

# Klondike Source Limited

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## FORM OF PROXY

### ADMINISTRATION OFFICE:

Level 10, 80 Arthur Street, North Sydney, NSW 2060

**Facsimile: (02) 9954 4011**

I/We

*(Full name in block letters)*

of

*(Address)*

being a member of Klondike Source Limited hereby appoint:

Name

Address

or failing that person:

Name

Address

or failing that person, the Chairman of the meeting as my/our proxy/proxies to vote for me/us and on my/our behalf at the Annual General Meeting of this Company to be held at the Board Room, Level 11, 80 Arthur Street, North Sydney, on Thursday, 27 May 2004 commencing at 4.00 pm and at any adjournment thereof.

Signature of shareholder (companies to execute under seal or in accordance with the Corporations Act)

Dated this                      day of                      2004

If you desire to direct your proxy/proxies how to vote, please insert **X** in the appropriate box. If you do not direct your proxy/proxies they may vote as they think fit or may abstain from voting.

BUSINESS	For	Against	Abstain
Resolution 1 - To receive the accounts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 - To elect a director – P J D Elliott	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 - To elect a director – R J Soper	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 - To amend the Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 - To amend the Employee Incentive Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 (a) – To issue EIOP Options – P J D Elliott	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 (b) – To issue EIOP Options – R G Adamson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 (a) – To issue Founders Options – C M Thomas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 (b) – To issue Founders Options – R J Soper	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>