



**ABN 13 109 289 527**

## **NOTICE OF ANNUAL GENERAL MEETING**

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## **EXPLANATORY STATEMENT**

**To be held**

At 2.00pm, Thursday, 27 November 2008

**at the**

QV1 Conference Centre  
Level 2  
250 St Georges Terrace  
Perth WA 6000

For personal use only

**ELECKRA MINES LIMITED**  
ABN 13 109 289 527

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Annual General Meeting of Eleckra Mines Limited will be convened at 2.00pm on Thursday, 27 November 2008 at the QV1 Conference Centre, 250 St Georges Terrace, Perth, Western Australia.

**AGENDA**

**ORDINARY BUSINESS**

**1. Discussion of Financial Statements and Reports**

To discuss the Financial Report, the Directors' Report and Auditor's Report for the year ended 30 June 2008.

**2. Adoption of the Remuneration Report**

To adopt the Remuneration Report for the financial year ended 30 June 2008.

**3. Election of Director – Mr Kevin Hart**

To consider and, if thought fit, to pass with or without modification the following ordinary resolution:

*"Mr Kevin Hart who retires by rotation in accordance with the company's constitution retires and, being eligible offers himself for re- election".*

**4. Approval of Prior Placement of Equity Securities**

To consider and, if thought fit, to pass with or without modification the following ordinary resolution:

*"That for the purposes of Australian Securities Exchange Limited (ASX) Listing Rule 7.4 and for all other purposes that the prior issue and allotment of 1,000,000 equity securities is hereby approved".*

**5. Approval of the Grant of Options to the Executive Chairman – Mr Ian Murray**

To consider, and if thought fit, to pass, with or without modification, the following ordinary resolution:

*"That pursuant to and in accordance with ASX Listing Rule 10.11 and Section 208 of the Corporations Act 2001 and for all other purposes, Shareholders approve the issue of 3,000,000 unlisted options to the Executive Chairman, Mr Ian Murray to subscribe for ordinary shares in the Company.*

*The issue to be in accordance with the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting".*

**GENERAL NOTES**

1. With respect to Agenda Item 2, the vote on this item is advisory only and does not bind the Directors of the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company. The Chairman of the meeting intends to vote undirected proxies in favour of the adoption of the remuneration report.

2. The Company will disregard any votes cast on the resolutions by the following person(s) and any associate of that person(s).

**Agenda item 4**

Any person who participated in the placement or any associate of that person(s).

However, the Company will not disregard a vote if:

- a 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
- b 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.

**NOTICE OF ANNUAL GENERAL MEETING**

**Agenda item 5**

The person who is to receive the securities or any other person also for the purpose of part 1.2 of Division 2 of the Corporations Act would be regarded as a person associated with a Director.

However, the Company will not disregard a vote if:

- a 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
- b 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.

3. The Explanatory Statement to Shareholders attached to this Notice of General Meeting is hereby incorporated into and forms part of this Notice of General Meeting.

4. The Directors have determined in accordance with Regulation 7.11.37 of the Corporations Regulations that, for the purposes of voting at the meeting, shares will be taken to be held by the registered holders at 5.00pm on 25 November 2008.

**BY ORDER OF THE BOARD**



Kevin R Hart  
COMPANY SECRETARY

Dated this 22<sup>nd</sup> day of October 2008.

**EXPLANATORY STATEMENT**

The purpose of the Explanatory Statement is to provide shareholders with information concerning all of the Agenda items in the Notice of Annual General Meeting.

**1 Discussion of Financial Statements & Reports**

Eleckra Mines Limited's financial reports and the directors' declaration and reports and the auditor's report are placed before the meeting thereby giving shareholders the opportunity to discuss those documents and to ask questions. The auditor will be attending the Annual General Meeting and will be available to answer any questions relevant to the conduct of the audit and his report.

**2 Adoption of Remuneration Report**

During this item there will be opportunity for shareholders at the meeting to comment on and ask questions about the remuneration report. The remuneration report is available in the Directors' Report section of the Annual Report.

The vote on the proposed resolution in item 2 is advisory only and will not bind the directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

A reasonable opportunity will be provided for discussion of the remuneration report at the meeting.

The Chairman of the meeting intends to vote undirected proxies in favour of the adoption of the remuneration report.

The directors recommend that shareholders vote in favour of item 2.

**3 Election of Mr Kevin Hart  
as an Ordinary Resolution**

Mr Hart is a Chartered Accountant and has over 20 years experience in accounting and the management and administration of public listed entities in the mining and exploration industry.

He is currently a partner in an advisory firm which specialises in the provision of company secretarial services to ASX listed entities and was appointed Company Secretary of Eleckra Mines Limited on 4 August 2006.

He is also a Director of Alloy Resources Limited an ASX listed entity.

Mr Hart is 46 years old and was appointed as a non executive director on 17 May 2007.

**4 Ratification of Prior Option Issue  
as an Ordinary Resolution**

On 18 June 2008 and 16 September 2008, the Company announced the issue of 1,000,000 unlisted options (500,000 respectively) to Hartleys Limited as part consideration on appointing Hartleys Limited as Corporate Advisers of the Company.

ASX Listing Rule 7.1 requires that a listed company obtain Shareholder approval prior to the issue of equity securities representing more than 15% of the issue capital of that company in any 12 month period.

ASX Listing Rule 7.4.2 sets out an exception to ASX Listing Rule 7.1. This rule provides that where a company in general meeting ratifies the previous issue of securities made without approval under ASX Listing Rule 7.1, those securities shall be deemed to have been issued with Shareholder approval for the purpose of ASX Listing Rule 7.1.

Shareholder ratification is now sought pursuant to ASX Listing Rule 7.4 to reinstate the Company's capacity to issue up to 15% of its issued capital, if required, in the next 12 months without Shareholder approval.

ASX Listing Rule 7.5 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval pursuant to ASX Listing Rule 7.4:

- a the total number of equity securities granted was 1,000,000 unlisted options; the options are exercisable by payment of \$0.25 cents each on or before 30 May 2011;
- b the options were issued for nil consideration;
- c the allottee was Hartleys Limited a professional and sophisticated investor in accordance with the Corporations Act 2001;

## EXPLANATORY STATEMENT

### 4 Ratification of Prior Option Issue (cont'd)

- d the options were issued as part consideration for corporate advise and facilitation;
- e no related parties participated in the above equity security issue;
- f the issues of the above equity securities was made within the Company's capacity to issue securities without shareholder approval pursuant to Listing Rule 7.1.

### 5 Approval of the Grant of Options to the Executive Chairman – Mr Ian Murray

For the purposes of the notice requirements under Listing Rules 7.3 and 10.13, Agenda Item 5, seeks Shareholder's approval to issue 3,000,000 options to the Executive Chairman, Mr Ian Murray as part of his remuneration package.

The independent Directors have recommended the grant of options to Mr Ian Murray which is designed to provide an incentive and reward for the future performance of the Company to the enhancement of Shareholder value and to have Mr Murray remain with the Company for the longer term.

The issue of options is considered a cost effective reward and incentive for the director as opposed to alternative forms of incentive, such as the payment of additional cash.

Listing Rule 10.11 provides that a Company must not issue equity securities (including options) to a related party of the company, such as a director, without the Company obtaining its Shareholders approval. If Shareholder approval is given under Listing Rule 10.11, Listing Rule 7.2, Exceptions 14 provides that approval is not required under Listing Rule 7.1.

The granting of the options as contemplated by Agenda Item 5 also constitutes the providing of a financial benefit to a related party. Section 208 of the Corporations Act prohibits a company from giving a financial benefit, other than in certain defined circumstances, to a related party without prior Shareholder approval.

A "related party" for the purposes of the Corporations Act is defined widely. It includes a director of a public company and specified members of the director's family. It also includes an entity over which a director maintains control.

The granting of options to Mr Ian Murray constitutes a financial benefit to a related party of the Company within the meaning of the Corporations Act.

In accordance with Section 219 of the Corporations Act and the notice requirements in Listing Rule 10.13, the following information is provided to Shareholders to allow them to assess the proposed resolution.

#### a The related party to whom the proposed resolution would permit the financial benefit to be given

The options will be granted to the Executive Chairman, Mr Ian Murray or nominee.

#### b Nature of the Financial Benefit

The proposed financial benefit to be given is the grant of 3,000,000 unlisted options to Mr Ian Murray to subscribe for one fully paid ordinary share in the capital of the company on the following basis:

Tranche	Number of Options	Strike Price	Vesting Period	Expiry
A	1,000,000	18.5 cents	12 months	4.5 years from the date of issue
B	1,000,000	22.0 cents	24 months	4.5 years from the date of issue
C	1,000,000	26.0 cents	36 months	4.5 years from the date of issue

The options will be issued for no consideration and cannot be exercised until the vesting period from date of issue has expired.

The options will be exercisable on or before 30 May 2013 and will be issued in accordance with the terms and conditions set out in 5(e) of this Explanatory Statement.

Any shares issued pursuant to the exercise of options under Agenda Item 5 will rank pari passu with the existing ordinary shares on issue.

The options if exercised will represent approximately 4.6% of the total issued capital of the company on a fully diluted basis.

**EXPLANATORY STATEMENT**

**5 Approval of the Grant of Options to the Executive Chairman – Mr Ian Murray (cont'd)**

**b Nature of the Financial Benefit (cont'd)**

The Directors of the Company (having obtained an independent valuation of the options by BDO Kendalls) consider the indicative value attributable to the options at a valuation date of 23 September 2008 to be as follows, notwithstanding that the options will not be issued until November 2008 after approval at the Annual General Meeting of the Shareholders of the company at that time.

The Binomial option valuation methodology was used by BDO Kendalls as a basis for the calculations using the following assumptions:

	<b>Tranche A</b>	<b>Tranche B</b>	<b>Tranche C</b>
Underlying Security Spot Price	\$0.15	\$0.15	\$0.15
Exercise Price	\$0.185	\$0.220	\$0.260
Dividend rate	-	-	-
Volatility	95.00%	95.00%	95.00%
Risk free rate	5.68%	5.68%	5.68%
Valuation date	30 Nov 2008	30 Nov 2008	30 Nov 2008
Expiration date	30 May 2013	30 May 2013	30 May 2013
Expiration period (years)	4.5 years	4.5 years	4.5 years

The Binomial option pricing model assumes that the options the subject of the valuation can be sold on a secondary market. The terms and conditions of the proposed options state that the options shall not be listed for official quotation on ASX. In addition, the options are not transferable.

Based on the above assumptions, the value of the 3,000,000 options using the indicative values attributed is as follows:

<b>Tranche</b>	Number of Options	Valuation per Option	Valuation per Tranche
A	1,000,000	\$0.1040	\$104,000
B	1,000,000	\$0.0999	\$99,900
C	1,000,000	\$0.0958	\$95,800
<b>Total</b>			<b>\$299,700</b>

**c Directors Recommendation**

Mr Kevin Hart and Mr Russell Davis are not beneficiaries in the proposed issue of options and recommend that the shareholders vote in favour of the proposed resolution as they believe the issue of the options is in the best interests of the company because the options provide the Executive Chairman incentive to enhance the future value of the company's shares for the benefit of all shareholders.

Mr Ian Murray declined to make a recommendation on the proposed resolution because he has a material personal interest in the outcome of the resolution, on the basis that he is to be granted options in the Company should the resolution be passed. Therefore, he is not in a position to recommend either for or against the proposed resolution.

**d Director's Interest**

With the exception of Mr Ian Murray, no other Director has a material personal interest in the outcome of the resolution.

**e Terms and Conditions of Options**

- a Each option shall be issued free for no consideration.
- b Each option entitles the holder to subscribe for one (1) ordinary share upon payment of the exercise price.
- c The options will lapse at 5.00pm, Western Standard Time on 30 May 2013.
- d The options will not be listed for official quotation on the ASX.

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**EXPLANATORY STATEMENT**

**5 Approval of the Grant of Options to the Executive Chairman – Mr Ian Murray (cont'd)**

**e Terms and Conditions of Options (cont'd)**

- e The options shall not be transferred or assigned by an option holder except that the option holder may at any time transfer all or any of the options to a spouse, family trust, or to a proprietary limited company, all of the issued shares in which are beneficially owned by the option holder or the spouse of the option holder.
- f There are no participating rights or entitlements inherent in these options and holders of the options will not be entitled to participate in new issues of capital that may be offered to Shareholders during the currency of the option.
- However option holders have the right to exercise their options prior to the date of determining entitlements to any capital issues to the then existing Shareholders of the company made during the currency of the options, and will be granted a period of at least nine (9) business days before books closing date to exercise the options.
- g In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
- h The options shall be exercisable by the delivery to the registered office of the Company of a notice in writing stating the intention of the option holder to exercise all or a specified number of options held by them accompanied by an option Certificate and a cheque made payable to the Company for the subscription monies for the shares. An exercise of only some options shall not affect the rights of the option holder to the balance of the options held by them.
- i The Company shall allot the resultant shares and deliver a statement of shareholdings with a holders' identification number within ten (10) business days of the exercise of the options.
- j Shares allotted pursuant to an exercise of options shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.
- k The Company shall make an application to have those shares allotted pursuant to an exercise of options listed for official quotation by the Australian Securities Exchange Limited.
- l All options will lapse upon the holder ceasing to be a Director or employee of the Company unless otherwise determined by the Board of Directors.
- m If there is a pro rata issue (except a bonus issue) to the holders of the underlying securities, the exercise price of the options may be reduced according to the formula set out in Listing Rule 6.22 of the Official Listing Rules of the Australian Securities Exchange Limited.
- n The options may be exercised at any time during the period commencing 12 months after the issue date and ending on the expiry date.

**f Other information reasonably required by the members to make a decision and that is known to the Company or any of its Directors**

The options are to be granted in addition to the total fixed remuneration set out below. The options to be issued to the Director are subject to certain vesting periods over a period of three (3) years. This recognises the need for the Director to remain with the Company for an agreed period of time prior to those options vesting. In this way, the options recognise loyalty and commitment to the Company. The exercise price of the options is linked to improved share performance. Importantly this provides ongoing incentive to increase shareholder value over time and the exercise price reflects levels in excess of the current market price of the Company's shares.

The exercise price has been determined in light of the current market price and having regard to the previous 12 months trading (as set out below). Exercise of the options is only likely to occur if there is sustained upward movement in the Company's share price.

The number of options to be issued to Mr Murray has been determined based on the reasons outlined in the director's recommendation to shareholders at item 5(c). The number of options has also been determined having regard to less tangible issues such as alignment of interests to the Company.

The terms and conditions of the options are set out in section 5(e). The options shall be granted free to Mr Murray (or his nominee) and will be issued within one month (30 days) of the date on which Shareholders approve the resolution.

**EXPLANATORY STATEMENT**

**5 Approval of the Grant of Options to the Executive Chairman – Mr Ian Murray (cont'd)**

**f Other information reasonably required by the members to make a decision and that is known to the Company or any of its Directors (cont'd)**

If the options proposed to be granted to Mr Murray (or his nominee) under Agenda Item 5 are exercised, the Company's issued shares would increase by 3,000,000 shares to a total of issued capital of 65,100,000 shares (assuming no other outstanding options are exercised).

The exercise of the options will provide the company with additional working capital of \$665,000.

As at 9 October 2008 the issued capital of the company comprised the following:

62,100,000	Ordinary fully paid shares.
6,500,000	Listed Options expiring on 31 March 2010 exercisable by payment of 20 cents each.
5,400,000	Unlisted Options expiring on 30 November 2012 exercisable by payment of 37 cents each.
1,000,000	Unlisted Options expiring on 30 May 2011 exercisable by payment of 25 cents each

The following table sets out Mr Murray's current entitlement to shares and options in the Company.

Director	Number of Shares	Options Expiring 30/11/2012
Ian Murray	54,000	1,000,000

Details of the nature and amount of each major element of the emoluments of Mr Murray as disclosed in the 2008 Annual Report is as follows. The table does not include the options for which approval is currently sought.

Director	Salary & Fees	Superannuation Contributions	Other Benefits	Value of Options	Total
	\$	\$	\$	\$	\$
Mr Ian Murray	93,697	-	4,562	70,888	169,147

The market price of the company's shares during the term of the options will ordinarily determine whether or not option holders exercises the option, noting that the first tranche of options to be issued are not able to be exercised during the 12 month period after the options are issued.

If the market price of the Company's shares is in excess of the exercise price of the options it is likely that the options will be exercised. A benefit would accrue on the exercise of the options by the payment of the amount specified in this notice and the sale of the ordinary shares for an amount in excess of these amounts.

In the last 12 months, the highest price for ordinary fully paid shares in the company trading on ASX was 40 cents which occurred on 8 October 2007. The lowest price was 8 cents which occurred on 10 April 2008. On 7 October 2008 the closing price was 12 cents.

Under AASB 2 Share Based Payments, pursuant to the adoption of the Australian International Financial Reporting Standards, the Company is required to recognise the fair value of Options granted to Directors, employees, consultants and other advisors as an expense on a pro-rata basis over the vesting period in the income statement with a corresponding adjustment to equity.

There is no other information known to the Directors that is reasonably required by Shareholders to make a decision whether or not it is in the Company's interest to pass the Resolution in Agenda Item 5.

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**ELECKRA MINES LIMITED**  
ABN 13 109 289 527

**PROXY FORM**

To: **Eleckra Mines Limited (ABN: 13 109 289 527)**  
6 Altona Street  
WEST PERTH WA 6005

Fax No: 61 8 9481 6405

Mark this box with an 'X' if you have made any changes to your address details (see reverse)

Name: \_\_\_\_\_  
(PLEASE PRINT)

Address: \_\_\_\_\_  
\_\_\_\_\_

**Appointment of Proxy:**

I/We being a member/s of Eleckra Mines Limited and entitled to attend and vote hereby appoint:

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

OR

Write here the name of the person you are appointing if this person is **someone other than** the Chairman of the Meeting.

Or failing the person name, or if no person is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Eleckra Mines Limited to be held at the QV1 Conference Centre, 250 St Georges Terrace, Perth on Thursday, 27 November 2008 at 2.00pm and at any adjournment of that meeting.

Voting directions to your proxy – please mark  X  to indicate your directions

Agenda Item	For	Against	*Abstain
2. Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Election of Director – Mr Kevin Hart	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Approval of Prior Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Approval to issue options to Mr Ian Murray	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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 a resolution, please place a mark in this box.

The Chairman intends to vote in favour of resolutions for which no voting indication has been given.

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution, and votes cast by him other than as proxy holder will be disregarded because of that interest. 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 vote on the resolutions and your vote will not be counted in computing the required majority if a poll is called.

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

Individual or Securityholder 1

Individual / Sole Director and  
Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

/ /

## HOW TO COMPLETE THE 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 mark the box and make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

### 2 **Appointment of a Proxy**

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the 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 the space provided. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company. The Chairman intends to vote in favour of resolutions for which no voting indication has been given.

### 3 **Votes on Items of Business**

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

### 4 **Appointment of a Second Proxy**

You are entitled to appoint up to two 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 securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- b return both forms together in the same envelope.

### 5 **Signing Instructions**

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

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** to sign under Power of Attorney, you must have already lodged 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 a corporate securityholder or proxy is to attend the meeting, the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry.

### 6 **Lodgement of a Proxy and Deadline for Receipt of Proxy**

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below no later than 2.00 pm (Perth time) on Tuesday, 25 November 2008 being 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

**Documents may be lodged by post, delivery or facsimile to the Registered Office of Eleckra Mines Limited being:**

**6 Altona Street, West Perth, WA, 6005  
Or by facsimile to fax number +61 8 9481 6405**