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**LEYSHON RESOURCES LIMITED**  
**A B N 7 5 0 1 0 4 8 2 2 7 4**

**NOTICE OF ANNUAL GENERAL MEETING**

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**The annual general meeting of the Company will be held at 36 Outram Street,  
West Perth, Western Australia on 27 November 2008 at 10am (WDST).**

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*This notice of annual general meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.*

***Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on (08) 9321 0077.***

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**LEYSHON RESOURCES LIMITED**  
**A B N 7 5 0 1 0 4 8 2 2 7 4**

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## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the annual general meeting of Shareholders of Leyshon Resources Limited ("**Company**") will be held at 36 Outram Street, West Perth, Western Australia on 27 November, 2008 at 10am (WDST) ("**Annual General Meeting**").

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered as Shareholders on 25 November 2008 at 5pm (WDST).

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Schedule 1 of the Explanatory Memorandum.

## **AGENDA**

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### **Annual Report**

To receive the Annual Report of the Company and its controlled entities for the year ended 30 June 2008 together with a Directors' report in relation to that financial year and the auditor's report on the financial report.

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#### **1. Resolution 1 – Remuneration Report**

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

*"That the Remuneration Report be adopted by the Shareholders on the terms and conditions in the Explanatory Memorandum."*

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#### **2. Resolution 2 – Re-election of Mr John Fletcher as Director**

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

*"That Mr John Fletcher, who retires in accordance with the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."*

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### **3. Resolution 3 – Re-election of Mr Andrew Berry as Director**

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

*"That Mr Andrew Berry, who retires in accordance with the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."*

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### **4. Resolution 4 – Deed of Indemnity and Access with Mr Andrew Berry**

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

*"Subject to the re-election of Mr Andrew Berry pursuant to Resolution 3, that pursuant to Chapters 2D.2 and 2E of the Corporations Act and for all other purposes approval be given to the Company, to:*

- (a) indemnify Mr Berry, during the period of directorship and after the cessation of directorship, in respect of certain claims should any be made against that Director whilst acting in his capacity as a Director;*
- (b) use its reasonable endeavours to procure an insurance policy and pay the premiums of insurance as assessed at market rates applicable from time to time for Mr Berry in respect of certain claims made against him acting in his capacity of a Director (except to the extent such insurance cannot be procured at a reasonable cost or is otherwise unavailable to the Company); and*
- (c) use its reasonable endeavours to ensure that an insurance policy for Mr Berry is at all times covered under an insurance policy during the Insurance Run-Off Period, which will be on terms not materially less favourable to Mr Berry than the terms of insurance applicable at the date of termination of his directorship and to continue to pay those premiums during that Insurance Run-Off Period (except to the extent such insurance cannot be procured at a reasonable cost or is otherwise unavailable to the Company); and*
- (d) provide Mr Berry with access, upon the cessation for any reason of his directorship and for a period of not less than 7 years following that cessation, to any Company records which are either prepared or provided to Mr Berry during the period of his directorship,*

*upon and subject to the terms and conditions in the Explanatory Memorandum."*

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Dated 22 October 2008  
By Order of the Board



**Stacey Apostolou**  
**Company Secretary**

## **EXPLANATORY MEMORANDUM**

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### **Introduction**

This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at the Annual General Meeting to be held at 36 Outram Street, West Perth, Western Australia on 27 November 2008 at 10am (WDST).

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions in the Notice.

This Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions.

A Proxy Form is located at the end of the Explanatory Memorandum.

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### **1. Action to be taken by Shareholders**

Shareholders should read this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a "proxy") to vote in their place. All Shareholders are invited and encouraged to attend the Annual General Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions provided. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Annual General Meeting in person.

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### **2. Annual Report**

The Corporations Act requires the Annual Report to be laid before the Company's Annual General Meeting. There is no requirement in either in the Corporations Act or the Constitution for Shareholders to approve the Annual Report.

Shareholders will be offered the following opportunities:

- (a) discuss the Financial Report (which includes the financial statements and Directors declaration), the Directors' report and auditor's report for the financial year ended 30 June 2008;
- (b) ask questions or make comment on the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the auditor's report.

In addition to taking questions at the Annual General Meeting, written questions to the Chairman of the Annual General Meeting about the management of the Company, or to the Company's auditor about:

- (a) the preparation and content of the auditor's report;
- (b) the conduct of the audit;

- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the Annual General Meeting to the Company Secretary at the Company's registered office.

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### **3. Resolution 1- Remuneration Report**

Pursuant to section 250R(2) of the Corporations Act, the Company is required to put the Remuneration Report to the vote of Shareholders. The Annual Report for the year ended 30 June 2008 contains the Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

The provisions of the Corporations Act provide that Resolution 1 need only be an advisory vote of Shareholders.

Accordingly, Resolution 1 is advisory only and does not bind the Directors. Of itself, a failure of Shareholders to pass Resolution 1 will not require the Directors to alter any of the arrangements in the Remuneration Report, however the Board will take the outcome of the vote into consideration when considering the remuneration policy.

The Chairman of the Annual General Meeting will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on, the Remuneration Report.

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### **4. Resolution 2 – Re-election of Mr John Fletcher as a Director**

Article 6.3(c) of the Constitution provides that where the Company has at least three Directors, one third of the Directors must retire at each annual general meeting of the Company. Such Directors are eligible for re-election.

Pursuant to these articles Mr John Fletcher will retire at the Annual General Meeting and seek re-election.

Information on Mr John Fletcher is contained in the Company's Annual Report.

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### **5. Resolution 3 – Re-election of Mr Andrew Berry as a Director**

Mr Berry was appointed Director of the Company on 10 October 2008, and offers himself for re-election in accordance with the Company's Constitution, which requires a Director to retire at the next annual general meeting following their initial appointment as a Director.

Mr Berry has over 35 years experience in financing projects mainly with Chase Manhattan Bank in the far east and Australia.

During this period Mr Berry played an integral role in the completion of over US\$25 billion in transactions for power generation, mining and petroleum companies in Australia and internationally.

Mr Berry is a graduate from the University of Arizona in the United States where he gained a Bachelor of Science degree in Geological Engineering and a degree in Master of Business Administration. After graduation in 1963, Mr Berry worked in Washington D.C. for the Agency for International Development until 1968 when he joined the Chase Manhattan Bank in New York.

He is currently the chairman of Viridis Investment Management Limited which is the responsible entity of the ASX listed Viridis Clean Energy Group and a Non-Executive Director of the unlisted Corporative Fund Limited. Previously Mr Berry was a Non-Executive Director of several listed

and unlisted Australian resource focussed companies including Highlands Pacific Limited, which is listed on the ASX and Port Moresby Stock Exchange. Mr Berry is a citizen of the United States and Australia.

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## **6. Resolution 4 –Deed of Indemnity and Access with Mr Andrew Berry**

### **6.1 Background**

The purpose of Resolution 4 is to enable the Company, to provide Mr Berry with a reasonable level of protection in relation to claims made against him acting as a Director of the Company, effective from the date of Mr Berry's appointment. Given that Mr Berry is seeking re-election as a Director, Resolution 4 is subject to the reappointment of Mr Berry pursuant to Resolution 3.

The proposed Deed of Indemnity and Access between the Company and Mr Berry is on the same terms as Deed of Indemnity and Access the Company has with each existing Director approved by the Shareholders at the 2006 and 2007 annual general meetings.

Given Mr Berry's duties and responsibilities as a director of a public company and his potential liabilities, the Board considers it appropriate that Mr Berry be suitably protected from certain claims made against him. The proposed protection will not extend to the extent it is prohibited by the Corporations Act.

As a person may be called to account for his or her actions several years after ceasing to be a director of a company, it is considered reasonable that suitable protection should extend for a period of time after Mr Berry has ceased to be a director of the Company.

It is generally recognised that a director or former director of a company may face considerable difficulty in properly answering or defending any claim made against him or her, particularly, as is often the case, where the claim is brought after the director ceases to hold office. Difficulties may arise by reason of the following:

(a) No indemnity after directorship ends

While the Company's Constitution provides Directors with an indemnity in respect of claims made while they remain Directors arguably, that indemnity ceases when the directorship ends. Without the benefit of an indemnity, the cost of defending such a claim in respect of the actions of a Director or former Director, even if the claim is ultimately proven to be without merit, can be considerable and beyond the financial resources of the individual Director.

(b) Maintenance of insurance policies

Directors' and officers' insurance policies generally only provide cover for claims made during the currency of the insurance policy, i.e. while insurance premiums continue to be paid on the policy. Generally, unless insurance premiums continue to be paid after the time a person ceases to be a director, claims made after cessation of the directorship will not be covered by the insurance policy. The cost to a former director of personally maintaining insurance cover after ceasing to be a director can be prohibitive, particularly given the number of years for which insurance must be maintained and given the former director will no longer be receiving any income from the Company.

(c) Access to board papers

Directors have a statutory right to inspect the books of the Company:

- (i) whilst they hold office; and
- (ii) for a period of 7 years after the director ceases to hold office,

at all reasonable times for the purpose of a legal proceeding to which the director is a party, that the director proposes in good faith to bring or that the director has reason to believe will be brought against him or her.

Despite this statutory right, Mr Berry may require access to Company documents which are relevant to his holding office as a Director of the Company and not strictly required for the purpose of anticipated, threatened or commenced legal proceedings. Furthermore, although a proceeding may be instituted within six years after a cause of action arises, that six year period is calculated from the date the damage is found to have occurred – this may be long after the conduct in question, from which the later damage arose, actually occurred.

Given these difficulties a person may be unwilling to become or to remain as a director of a public company without suitable protection being provided by the Company. The benefit to the Company in providing such protection is that it will continue to be able to attract persons of suitable expertise and experience to act as Directors.

## **6.2 Summary of the Deed of Indemnity and Access**

The Company will enter into a Deed of Indemnity and Access which, subject to Shareholder approval, will require:

- (a) the Company to indemnify Mr Berry during the period of his directorship and after the cessation of his directorship, in respect of certain claims made against him in his capacity as a Director of the Company to the extent allowable under the Corporations Act;
- (b) the Company to use its reasonable endeavours (subject to cost and availability) to maintain an insurance policy and pay the premiums of insurance as assessed at market rates applicable from time to time, to the extent available under the Corporations Act, for Mr Berry in respect of certain claims made against him in his capacity as a Director of the Company and to continue to pay those premiums for a period of up to 7 years following the termination of his directorship;
- (c) that if the Company cannot procure an insurance policy for Mr Berry at a reasonable cost it shall advise Mr Berry who may refer the matter to an expert (whose decision shall be final and binding on the parties) for determination that the Company has not used its reasonable endeavours and the expert may direct the Company to obtain an insurance policy on the best available terms; and
- (d) the Company to provide Mr Berry with access, upon ceasing for any reason to be a Director of the Company and for a period of up to 7 years following that cessation, to any the Company records which are either prepared or provided to Mr Berry during the period during which he was a Director of the Company.

The Deed of Indemnity and Access will also require Mr Berry to maintain confidentiality and to protect the Company's intellectual property.

## **6.3 Summary of indemnity and insurance provisions in the Corporations Act**

In considering Resolution 4, Shareholders should be aware of the following limitations in the Corporations Act concerning the provision of indemnities and insurance to the Company's Directors and officers. The Deed of Indemnity and Access for which Shareholder approval is sought under Resolution 4, complies with these limitations.

- (a) Section 199A of the Corporations Act

The Corporations Act now sets out specific prohibitions to the Company's ability to grant indemnities for liabilities and legal costs.

The Company is prohibited from indemnifying its officers against a liability if it is a liability:

- (i) to the Company or any of its related bodies corporate;
- (ii) to a third party that arose out of conduct involving a lack of good faith; or
- (iii) for a pecuniary penalty order or a compensation order under the Corporations Act (such orders being made for breaches such as breaches of director's duties, the related party rules and insolvent trading).

The Company is also prohibited from indemnifying its officers against legal costs incurred:

- (i) in defending actions where an officer is found liable for a matter for which he or she cannot be indemnified by the Company as set out immediately above;
- (ii) in defending criminal proceedings where the officer is found guilty;
- (iii) in defending proceedings brought by the ASIC or a liquidator for a court order if the grounds for making the order are found by the court to be established; or
- (iv) in connection with proceedings for relief to the Director under the Corporations Act where the court denies the relief.

(b) Section 199B of the Corporations Act

If the Company, or a related body corporate of the Company, pays the premium on an insurance policy in favour of a Director, then section 199B of the Corporations Act requires the Company to ensure that the relevant contract of insurance does not cover liabilities incurred by the officer arising out of conduct involving either:

- (i) a wilful breach of duty in relation to the Company; or
- (ii) contravention of the provisions relating to an officer making improper use of information or improper use of his or her position for his or her advantage or gain, or to the detriment of the Company.

## 6.4 Shareholder approval

To enable the Company to enter into a Deed of Indemnity and Access with Mr Berry, Resolution 4 seeks Shareholder approval in accordance with the following provisions of the Corporations Act:

(a) Section 200B of the Corporations Act

Section 200B of the Corporations Act relevantly provides that the Company cannot give a benefit to a Director in connection with the retirement of that Director from his or her office, without Shareholder approval.

The Directors consider that as the:

- (i) proposed payment of insurance premiums;
- (ii) benefit of the indemnity in relation to liabilities incurred during the period a Director holds office; and
- (iii) Mr Berry's access to Company records,

continues for a period of up to 7 years after Mr Berry ceases to hold office, this may be viewed as the provision of a benefit given "in connection with" Mr Berry's retirement from the Board for the purposes of section 200B of the Corporations Act.

The insurance premiums under the Deed of Indemnity and Access will be calculated at the market rates applicable from time to time.

A copy of all Company documents will be kept at the Company's registered office and made available for inspection and copying by each Director for a period of 7 years after he or she ceases to hold office, for whatever reason.

(b) Section 208 of the Corporations Act

Chapter 2E of the Corporations Act prohibits a public company, or an entity that the public company controls, from giving a financial benefit to a related party of the public company unless either:

- (i) the giving of the financial benefit falls within one of the nominated exceptions to the provision (e.g. section 212); or
- (ii) prior Shareholder approval of the public company is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, Mr Berry is considered to be a related party of the Company.

The provision of insurance and indemnity to Mr Berry may involve the provision of a financial benefit to related parties of the Company within the prohibition provided by Chapter 2E of the Corporations Act. The Board consider that, although the payment of insurance premiums and the provision of indemnities by the Company are "reasonable in the circumstances" of the Company and therefore are exceptions from the prohibition in Chapter 2E of the Corporations Act, consideration of the reasonable nature of the provision of any indemnity or insurance is an appropriate matter for the Shareholders of the Company.

## **6.5 Effect if Shareholder approval is not given**

The Company and Mr Berry are proposing to enter into a Deed of Indemnity and Access. Those provisions of the Deed of Indemnity and Access which do not require Shareholder approval remain valid if Shareholders do not pass Resolution 4.

## **6.6 Information required by section 200E and 219 of the Corporations Act**

In accordance with sections 200E and 219 of the Corporations Act, the following information is provided to Shareholders to allow them to assess Resolution 4:

- (a) The Company has taken out an insurance policy which provides insurance cover for Directors against all permitted liabilities incurred by Directors acting as a Director of the Company.
- (b) The insurance premiums payable each will be calculated at market rates applicable from time to time, if insurance is available, with an indicative range of \$5,000 - \$10,000 per Director per annum.
- (c) Mr Berry is a related party of the Company to whom the proposed resolution would permit the giving of benefits.
- (d) The nature of the benefit to be given to Mr Berry is the benefit under the Deed of Indemnity and Access the terms of which are summarised in Section 6.2.

- (e) Mr Berry is not entitled to nor wishes to make a recommendation to Shareholders about Resolution 4 as he holds an interest in the benefit proposed to be given by the Company, as he is a proposed party to the Deed of Indemnity and Access. In relation to the benefit under the Deed of Indemnity and Access to be given to Mr Berry, each other Director has no interest in the outcome of this Resolution and is in favour of the Resolution.
- (f) The reasons and basis for the benefit are in Section 6.1.
- (g) Mr Berry was appointed to the Board on 10 October 2008. In accordance with the service agreement entered into with Mr Berry at that time, Mr Berry is to be paid \$50,000 per annum.
- (h) Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the benefits contemplated by Resolution 4.

## Schedule 1 Definitions

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In this Explanatory Memorandum and Notice of Annual General Meeting:

**"Annual General Meeting"** has the meaning given in the introductory paragraph.

**"Annual Report"** means the Directors' report, the Company's financial report, and auditor's report therein, for the financial year ended 30 June 2008.

**"ASIC"** means Australian Securities and Investments Commission.

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

**"Board"** means Directors of the Company.

**"Business Day"** means a day on which the ASX is open for trading.

**"Chairman"** means the person appointed to chair the Annual General Meeting of the Company convened by this Notice.

**"Company"** or **"Leyshon"** means Leyshon Resources Limited ABN 75 010 482 274.

**"Constitution"** means the Constitution of the Company as at the date of the Annual General Meeting.

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

**"Deed of Indemnity and Access"** means the deed of between Mr Berry and the Company on the terms summarized in clause 6.2 of the Explanatory Memorandum.

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

**"Explanatory Memorandum"** means the explanatory memorandum to the Notice.

**"Insurance Run-Off Period"** means a period of 7 years commencing the date a Director ceases to be a Director of the Company.

**"Notice"** means this Notice of Annual General Meeting.

**"Proxy Form"** means the proxy form attached to this Notice.

**"Remuneration Report"** means the remuneration report of the Company contained in the Annual Report.

**"Resolution"** means a resolution referred to in this Notice.

**"Share"** means a fully paid ordinary share in the capital of the Company.

**"Shareholder"** means a shareholder of the Company.

**"WSDT"** means the Western Daylight Standard Time, being the time in Perth, Western Australia.

In this Notice, words importing the singular include the plural and vice versa.

**LEYSHON RESOURCES LIMITED**  
ACN 0 1 0 4 8 2 2 7 4

**PROXY FORM**

The Company Secretary  
Leyshon Resources Limited

**By delivery:**  
36 Outram Street  
WEST PERTH WA 6005

**By post:**  
PO Box 2870  
PERTH WA 6872

**By facsimile:**  
+61 8 9322 4073

I/We <sup>1</sup> \_\_\_\_\_

of \_\_\_\_\_

being a Shareholder/Shareholders of the Company and entitled to \_\_\_\_\_

votes in the Company, hereby appoint <sup>2</sup> \_\_\_\_\_

or failing such appointment the Chairman of the Annual General Meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 36 Outram Street, West Perth, Western Australia, on 27 November 2008 at 10am (WDST) and at any adjournment thereof in the manner indicated below or, in the absence of indication, as he thinks fit. If 2 proxies are appointed, the proportion or number of votes of this proxy is authorised to exercise is \* [ ]% of the Shareholder's votes\*/ [ ] of the Shareholder's votes. (An additional Proxy Form will be supplied by the Company, on request).

The proxy is to vote for or against the Resolution referred to in the Notice as follows:

		For	Against	Abstain
Resolution 1	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr John Fletcher as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Mr Andrew Berry as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of the Company entering into a Deed of Indemnity and Access with Mr Andrew Berry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Authorised signature/s** This section **must** be signed in accordance with the instructions below to enable your voting instructions to be implemented.

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

\_\_\_\_\_  
Contact Name

\_\_\_\_\_  
Contact Daytime Telephone

\_\_\_\_\_  
Date

<sup>1</sup>Insert name and address of Shareholder

<sup>2</sup>Insert name and address of proxy

\*Omit if not applicable

**Proxy Notes:**

A Shareholder entitled to attend and vote at the Annual General Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at the Annual General Meeting. If the Shareholder is entitled to cast 2 or more votes at the Annual General Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at the Annual General Meeting, the representative of the body corporate to attend the Annual General Meeting must produce the "Certificate of Appointment of Representative" prior to admission. A form of the certificate may be obtained from the Company's share registry.

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

Joint Holding:                      Where the holding is in more than one name all of the holders must sign.

Power of Attorney:                If signed under a power of attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the power of attorney to this Proxy Form when you return it.

Companies:                         A director can sign jointly with another director or a company secretary. A sole director who is also a sole company secretary can also sign. Please indicate the office held by signing in the appropriate space.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the Perth office of the Company (36 Outram Street, West Perth, WA, 6005, or by post to PO Box 2870, Perth, WA, 6872 or Facsimile (08) 9322 4073 if faxed from within Australia or +618 9322 4073 if faxed from outside Australia) not less than 48 hours prior to the time of commencement of the Annual General Meeting (WDST).