

---

**SHAW RIVER RESOURCES LIMITED**  
**A C N 1 2 1 5 1 1 8 8 6**

**NOTICE OF ANNUAL GENERAL MEETING**

---

**The Annual General Meeting of the Company will be held at the University Club of Western Australia, Crawley, Western Australia on Monday, 26 November 2007 at 9.30am (WST).**

## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the annual general meeting of shareholders of Shaw River Resources Limited ("**Company**") will be held at the University Club of Western Australia, Crawley, Western Australia on Monday, 26 November 2007 at 9.30am (WST) ("Meeting").

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the 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 Meeting are those who are registered as Shareholders on 24 November 2007 at 11.00am (WST).

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

## **AGENDA**

---

### **Financial, Directors' and Auditor's Reports**

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

---

#### **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."*

---

#### **2. Resolution 2 – Re-election of Mr David Flanagan as a Director**

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

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

---

#### **3. Resolution 3 – Ratification of Allotment and Issue of Options**

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

*"That, for the purpose of Listing Rule 7.4 of the Listing Rules of the ASX and for all other purposes, the Company approves and ratifies the allotment and issue of 700,000 Options issued on terms and conditions set out in the Explanatory Statement accompanying this Notice to persons who are not related parties of the Company."*

### **Voting Exclusion**

The Company will disregard any votes cast on this resolution by a person who participated in the issue and any associates of those persons. However, the Company will not disregard a vote if:

- (a) it is cast by the person as a proxy for a person who is entitled to vote, in accordance with 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 directions on the Proxy Form to vote as the proxy decides.

---

## **4. Resolution 4 – Adoption of Employee Option Scheme**

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

*"That in accordance with Exception 9 of ASX Listing Rule 7.2 Shareholders approve the establishment of an employee option scheme to be called the "Shaw River Resources Employee Option Scheme" and the issue of Options pursuant to this scheme on the terms and conditions in the Explanatory Memorandum".*

### **Voting Exclusion**

The Company will disregard any votes cast on this resolution by a Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) or any associate of a Director. However, the Company will not disregard a vote if:

- (a) it is cast by the person as a proxy for a person who is entitled to vote, in accordance with 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 directions on the Proxy Form to vote as the proxy decides.

---

## **5. Resolution 5 – Approval for appointment of auditor**

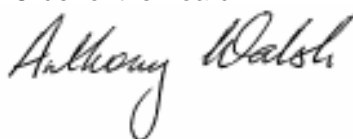
To consider and, if thought fit, pass, with or without amendment, the following:

*"That for the purposes of Section 327B of the Corporations Act, Stantons International having consented to act as the Company's auditor, be appointed the Company's auditor."*

---

Dated 24 October 2007

By Order of the Board



.....  
Tony Walsh  
Company Secretary

---

**SHAW RIVER RESOURCES LIMITED**  
**A C N 1 2 1 5 1 1 8 8 6**

---

**EXPLANATORY MEMORANDUM**

---

**Introduction**

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at the University Club of Western Australia, Crawley, Western Australia on Monday, 26 November 2007 at 9.30am (WST) ("Meeting").

---

**Financial, Directors' and Auditor's Reports**

Shareholders will be offered the opportunity to discuss the Financial Report, Directors' Report and Auditor's Report for the financial year ended [30/1] [June/December] 20[07] copies of which are on the [insert] or by contacting the Company on Telephone No [insert].

Shareholders will be offered the opportunity to ask questions or make comment on the management of the Company.

---

**1. 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 contains a Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the executive director, specified executives and non-executive directors of the Company.

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

---

**2. Resolution 2 – Re-election of Mr David Flanagan**

Article 6.3(c) of the Constitution requires that one third of the Directors must retire at each annual general meeting (rounded down to the nearest whole number).

Article 6.3(f) provides that a Director who retires under Article 6.3(c) is eligible for re-election. Pursuant to these Articles, Mr David Flanagan will retire by rotation and seeks re-election.

A brief resume of Mr Flanagan is contained in the Annual Report.

The Board believes that Mr Flanagan has performed the duties and responsibilities of a director diligently and professionally, in the best interests of all Shareholders. The Board unanimously supports the re-election of Mr Flanagan.

---

### **3. Resolution 3 –Ratification of Allotment and Issue of Options**

#### **Regulatory Requirements - ASX Listing Rule 7.1**

ASX Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval, provided the issue did not breach the 15% threshold set by Listing Rule 7.1. The effect of such a ratification is to restore a company's maximum discretionary power to issue further shares up to 15% of the issued capital of the company without requiring shareholder approval.

Resolution 3 is required to be approved in accordance with ASX Listing Rule 7.4 to ratify the previous issues of Options to 3 employees as incentive. The Company confirms that the issue and allotment of the securities the subject of Resolution 3 did not breach ASX Listing Rule 7.1.

The reason for an approval under ASX Listing Rule 7.4 is to reinstate the capacity of the Company to issue up to 15% of its securities without the approval of its Shareholders.

Listing Rule 7.5 contains certain requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 7.4 and the following information is included in this Explanatory Statement for that purpose:

- (a) the number of securities issued by the Company is 700,000 Options;
- (b) The terms of the Options are set out in Schedule 2.
- (c) the Options were issued on 9 March 2007;
- (d) Shares issued on the exercise of the Options will rank equally with the existing Shares on issue.
- (e) no funds were raised by this Option issue; and
- (f) a voting exclusion statement is included in the Notice.

---

### **4. Resolution 4 – Adoption of Employee Option Scheme**

Resolution 4 seeks Shareholder approval in accordance with the ASX Listing Rule 7.2 for the establishment of the Shaw River Employee Option Scheme and the issue of Options pursuant to this scheme.

Please note that the Directors of Shaw River Resources Limited are not eligible to participate in the Employee Option Scheme.

The two main purposes of the Employee Option Scheme are to give an incentive to the Eligible Employees to provide dedicated and ongoing commitment and effort to the Company aligning the interests of both employees and Shareholders and for the Company to reward Eligible Employees for their efforts. The Employee Option Scheme contemplates the issue to Eligible Employees of options to subscribe for Shares.

ASX Listing Rule 7.1 places restrictions on the number of equity securities, including options, which a listed company may issue in any 12 months. However, certain issues are exempt from this ASX Listing Rule and are effectively disregarded for the purposes of counting the number of securities which a company may issue.

Exempt issues include an issue of securities to persons participating in an employee option scheme where shareholders have approved the issue of securities under the scheme as an exemption from ASX Listing Rule 7.1. Shareholder approval must be given in a general meeting held not more than 3 years before the date of issue where the Notice contains or is accompanied by certain prescribed information (set out below).

In order to take advantage of the exemption from ASX Listing Rule 7.1 and allow the Company greater flexibility to issue securities, Shareholders are requested to approve the Employee Option Scheme as an exemption from ASX Listing Rule 7.1.

This approval will be effective for a period of 3 years from the date the passing by Shareholders of Resolution 4. For the purpose of ASX Listing Rule 7.2 Exception 9 the terms of the Employee Option Scheme are in Schedule 3.

---

## **5. Resolution 5 – Approval for appointment of auditor**

Section 327A of the Corporations Act requires that a public company must appoint an auditor within 1 month after it is registered and holds office until the Company's first annual general meeting.

Stantons International having consented to act seeks to be appointed as the Company's auditor by this Resolution 5.

In accordance with section 328B(1) of the Corporations Act, a Shareholder has nominated Stantons International, which is attached to this Notice in Schedule 4.

---

## **6. 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 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 Meeting in person.

## Schedule 1 - Definitions

In this Explanatory Memorandum and Notice:

**Annual Report** means the 2006 Annual Report of the Company and its controlled entities (if any) a copy of which was lodged with the ASX.

**Article** means an article of the Constitution.

**ASIC** means the 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.

**Auditor's Report** means the auditor's report on the Financial Report.

**Board** means the board of Directors.

**Company** means Shaw River Resources Limited ACN 121 511 886.

**Constitution** means the Constitution of the Company.

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

**Director** means a director of the Company and **Directors** means the directors of the Company.

**Directors Report** means the annual directors report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities (if any).

**Employee Option Scheme** means the employee option plan summarised in Schedule 3.

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

**Financial Report** means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities (if any).

**Listing Rules** means the listing rules of ASX.

**Meeting** has the meaning given in the introductory paragraph of the Notice.

**Notice** means this notice of meeting.

**Options** means an option with the terms and conditions as set out in Schedule 2 of this Notice.

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

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

**Resolution** means a resolution contained in this Notice.

**Schedule** means a schedule to this Notice.

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

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

**WST** means Western Standard Time, being the time in Perth, Western Australia.

## Schedule 2 - Terms and Conditions of Options issued under Resolution 3

- (a) The exercise price of each Unlisted Option is \$0.20.
- (b) Each Unlisted Option has an expiry date of 5 years after the employee commences employment.
- (c) The Unlisted Options are only exercisable during the exercise period (being from 1 year after the employee commences to the expiry date set out above).
- (d) No application for Official Quotation of the Unlisted Options will be made by the Company.
- (e) The Unlisted Options entitle the holder to subscribe for one Share upon exercise of each Unlisted Option.
- (f) The Unlisted Options may be exercised by notice in writing to the Company. Any notice of exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Unlisted Option as at the date of receipt.
- (g) After an Unlisted Option is validly exercised, the Company must, within, 20 Business Days of the notice of exercise and receipt of cleared funds equal to the sum payable on the exercise of the Unlisted Option issue and allot the Share and do all such acts matters and things to obtain the grant of Official Quotation of the Share on ASX no later than 5 Business Days after issuing the Shares
- (h) Shares issued on exercise of the Unlisted Options rank equally with the then Shares of the Company.
- (i) Application will be made by the Company to ASX for Official Quotation of the Shares issued upon the exercise of the Unlisted Options.
- (j) There are no participation rights or entitlements inherent in the Unlisted Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Unlisted Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 10 business days after the issue is announced. This will give holders of Unlisted Options the opportunity to exercise their Unlisted Options prior to the date for determining entitlements to participate in any such issue.
- (k) If the Company makes a bonus issue of Shares or other Securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Unlisted Optionholder would have received if the Unlisted Optionholder had exercised the Unlisted Option before the record date for the bonus issue and no change will be made to the Exercise Price.
- (l) If there is any reconstruction of the issued share capital of the Company, the rights of the Unlisted Optionholders will be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction.
- (m) The Unlisted Options are transferable subject to any escrow restriction which may be imposed by ASX.
- (n) Cheques shall be in Australian currency made payable to the Company and crossed "Not negotiable". The application for Shares on exercise of the Unlisted Options with the appropriate remittance should be lodged at the Company's Share Registry.

## Schedule 3– Terms and Conditions of the Shaw River Resources Employee Option Scheme

---

### 1. Employee Option Scheme Terms and Conditions

The Directors are empowered to operate the Employee Option Scheme in accordance with the Listing Rules and on the following terms and conditions:

- (a) Subject to paragraph (d), the Directors may offer to issue Employee Options to Eligible Employees in accordance with Class Order 03/184, the Employee Option Scheme and in such manner and on such terms and conditions as they in their absolute discretion determine.
- (b) To accept an offer of Employee Options complete the Acceptance Form or accept in such other form as the Directors may in their absolute discretion approve from time to time.
- (c) The Eligible Employees to participate in the Employee Option Scheme shall be as the Directors in their absolute discretion determine and shall take into account skills, experience, length of service with the Company, remuneration level and such other criteria as the Directors consider appropriate in the circumstances.
- (d) Employee Options may not be offered under this Employee Option Scheme without the issue of a prospectus in accordance with Chapter 6D of the Corporations Act, if the aggregate of:
  - (i) the number of Employee Options to be issued;
  - (ii) the number of Shares which would be issued if all the current Employee Options issued under any employment incentive scheme were exercised;
  - (iii) the number of Shares which have been issued as a result of the exercise of Employee Options issued under any employee incentive scheme, where the Employee Options were issued during the preceding five years; and
  - (iv) all other Shares issued pursuant to any employee incentive scheme during the preceding five years;

but disregarding any offer made, Employee Options or Shares issued by way of or as a result of:

- (v) an offer to a person situated at the time of receipt of the offer outside Australia;
  - (vi) an offer that was an excluded offer or invitation within the meaning of the Corporations Act as it stood prior to the commencement of Schedule 1 of the Corporate Law Economic Reform Program Act 1999;
  - (vii) an offer that did not need disclosure to investors because of section 708 of the Corporations Act; or
  - (viii) an offer under a disclosure document,  
would exceed 5% of the then current number of Shares on issue.
- (e) The Directors may, in their absolute discretion, offer to Eligible Employees Employee Options under the Employee Option Scheme, notwithstanding that it has previously issued more than the 5% limit in paragraph (d), up to a maximum of 10%, provided that the issue is made in accordance with the requirements of Chapter 6D of the Corporations Act.

- (f) Employee Options will be issued free of charge to Eligible Employees. The exercise price of the Employee Options shall be as the Directors in their absolute discretion determine, provided that it shall not be less than that amount which is equal to 90% of the average market price of the Shares in the 5 days in which sales in the Shares were recorded immediately preceding the day on which the Directors resolve to offer the Employee Options.
- (g) The Directors may limit the total number of Employee Options which may be exercised under the Employee Option Scheme in any year.
- (h) The Directors, in their absolute discretion, having regard to skills, experience, length of service with the Company, remuneration level and such other criteria as the Directors consider appropriate in the circumstances, shall determine criteria to establish the periods during which the Employee Options may be exercised.
- (i) All Employee Options with a common expiry date shall have the same exercise price and rights to participate in issues of securities by the Company.
- (j) Unless the Directors in their absolute discretion determine otherwise, Employee Options shall lapse upon the earlier of:
  - (i) the expiry of the exercise date;
  - (ii) the Employee Option holder ceasing to be an Eligible Employee by reason of dismissal, resignation or termination of employment, office or services for any reason;
  - (iii) the expiry of 30 days after the Employee Option holder ceases to be an Eligible Employees by reason of retirement; or
  - (iv) a determination by the Directors that the Employee Option holder has acted fraudulently, dishonestly or in breach of his or her obligations to the Company or an Associated Body Corporate;
- (k) If an Eligible Employee accepts an offer from the Company to participate in the Employee Option Scheme then the Company will evidence the issue of an Employee Option to an Eligible Employee by issuing that Eligible Employee a Certificate for that Employee Option.
- (l) Each Employee Option entitles the holder to subscribe for and be issued with one Share.
- (m) Shares issued pursuant to the exercise of Employee Options will in all respects, including bonus issues and new issues, rank equally and carry the same rights and entitlements as other Shares on issue.
- (n) There are no participating rights or entitlements inherent in the Employee Options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Employee Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 business days after the issue is announced. This will give Employee Option holders the opportunity to exercise their Employee Options prior to the date for determining entitlements to participate in any such issue.
- (o) The Employee Options will not be quoted on the ASX. However, application will be made to the ASX for official quotation of the Shares issued on the exercise of the Employee Options if the Shares are listed on the ASX at that time.
- (p) An application to be issued Employee Options may be made by Eligible Employees invited to participate in the Employee Option Scheme in such form and on such terms

and conditions concerning the closing date for applications as the Directors in their absolute discretion determine.

- (q) If at any time the issued capital of the Company is reconstructed, all rights of Employee Option holders are to be changed in a manner consistent with the Listing Rules.
- (r) Subject to and in accordance with the Listing Rules (including any waiver issued under such Listings Rules), the Directors (without the necessity of obtaining the prior or subsequent consent of shareholders of the Company in a general meeting) may from time to time amend (including the power to revoke, add to or vary) all or any provisions of the Terms and Conditions in any respect whatsoever, by an instrument in writing, provided that rights or entitlements in respect of any Employee Option issued before the date of amendment shall not be reduced or adversely affected unless prior written approval from the affected holder(s) is obtained.
- (s) At the absolute discretion of the Directors, the terms upon which Employee Options will be issued may incorporate performance related factors. Such factors may reflect, inter alia, profitability levels, increases in production or decreases in production costs and may, subject to clause (r) above, be amended from time to time in a manner favourable to the Employee Option holder. However such performance related factors, if included in the Employee Option terms or so amended shall not act in any way to constitute a breach of the Terms and Conditions.
- (t) Notwithstanding the Terms and Conditions, upon the occurrence of a Trigger Event the Directors may determine:
  - (i) that the Employee Options may be exercised at any time from the date of such determination, and in any number until the date determined by the Directors acting bona fide so as to permit the holder to participate in any change of control arising from a Trigger Event provided that the Directors will forthwith advise in writing each holder of such determination. Thereafter, the Employee Options shall lapse to the extent they have not been exercised; or
  - (ii) to use their reasonable endeavours to procure that an offer is made to holders of Employee Options on like terms (having regard to the nature and value of the Employee Options) to the terms proposed under the Trigger Event in which case the Directors shall determine an appropriate period during which the holder may elect to accept the offer and, if the holder has not so elected at the end of that period, the Employee Options shall immediately become exercisable and if not exercised within 10 days, shall lapse.
- (u) An Employee Option may not be transferred or assigned except that a legal personal representative of a holder of an Employee Option who has died or whose estate is liable to be dealt with under laws relating to mental health will be entitled to be registered as the holder of that Employee Option after the production to the Directors of such documents or other evidence as the Directors may reasonably require to establish that entitlement.
- (v) An Employee Option is exercisable by the holder lodging with the Company a Notice of Exercise of Employee Option together with a cheque for the exercise price of each Employee Option to be exercised and the relevant Employee Option Certificate. If not all of the holder's Employee Options are being exercised, a holder must exercise Employee Options in multiples of 1,000.
- (w) Neither participation in the Employee Option Scheme by the Company or an Associated Body Corporate or any Eligible Employees or Employee Option holders or anything contained in these Terms and Conditions shall in any way prejudice or affect the right of the Company or an Associated Body Corporate to dismiss any Eligible Employees or Employee Option holder or to vary the terms of employment of any Eligible Employees or Employee Option holder. Nor shall participation or the rights or benefits of an Eligible Employees or Employee Option holder under the Terms and

Conditions be relevant to or be used as grounds for granting or increasing damages in any action brought by an Eligible Employees or Employee Option holder against the Company or an Associated Body Corporate whether in respect of any alleged wrongful dismissal or otherwise.

- (x) At all times during which Eligible Employees may subscribe for or purchase Shares upon exercise of an Employee Option issued pursuant to the Employee Option Scheme, the Company shall provide, within a reasonable period of a request by Eligible Employees, the current market price of the Shares. Contact the Company Secretary to obtain this information.
- (y) The Employee Option Scheme shall be administered by the Directors who shall have power to:
  - (i) determine appropriate procedures for administration of the Employee Option Scheme consistent with these Terms and Conditions;
  - (ii) resolve conclusively all questions of fact or interpretation or dispute in connection with the Employee Option Scheme and settle as the Directors in their absolute discretion determine expedient any difficulties or anomalies howsoever arising with or by reason of the operation of the Employee Option Scheme;
  - (iii) delegate to any one or more persons for such period and on such conditions as it may determine the exercise of any of the Directors' powers or discretions arising under the Employee Option Scheme; and
  - (iv) subject to the Listing Rules, waive strict compliance with, amend or add to the Terms and Conditions of the Employee Option Scheme except for the provisions of clause (d), and where such actions are taken such actions shall be conclusive, final and binding on Employee Option holders.

---

## 2. Definitions

In this Schedule the following terms shall bear the following meanings:

**"Acceptance Form"** means the Acceptance Form which will accompany the invitation to the Eligible Employee to participate in the Employee Option Scheme.

**"Associated Body Corporate"** means:

- (i) a related body corporate (as defined in the Corporations Act) of the Company;
- (ii) a body corporate which has an entitlement to not less than 20% of the voting shares of the Company; and
- (iii) a body corporate in which the Company has an entitlement to not less than 20% of the voting shares.

**"ASX"** means the Australian Stock Exchange Limited.

**"Business Day"** means those days other than a Saturday, Sunday, New Year's Day, Australia Day, Good Friday, Easter Monday, Anzac Day, Christmas Day, Boxing Day and any other day which the ASX shall declare and publish is not a business day.

**"Certificate"** means a certificate for any Employee Option issued to Eligible Employees which will include all of the terms and conditions of the Employee Option and the Notice of Exercise of Employee Option or such other evidence of ownership that the Directors may in their absolute discretion determine from time to time.

**"Company"** means Shaw River Resources Limited ACN 121 511 886.

**"Company Group"** means the Company and its Associated Bodies Corporate.

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

**"Directors"** mean the directors from time to time of the Company.

**"Eligible Employees"** means any full time employee, part time employees and consultants of the Company or its Associated Bodies Corporate excluding Directors.

**"Employee Option Scheme"** means the Shaw River Resources Limited ACN 110 396 168 Employee Option Scheme in which Eligible Employees may be invited to participate in accordance with the Terms and Conditions.

**"Listing Rules"** means the official listing rules of ASX as amended from time to time.

**"Notice of Exercise of Employee Option"** means the Notice of Exercise of Employee Option which will accompany the invitation to the Eligible Employee to participate in the Employee Option Scheme.

**"Offer Period"** means the period referred to in the definition of that expression in Section 624 of the Corporations Act, provided that where a takeover bid is publicly announced prior to the service of an off-market bidder's statement on the Company in relation to that takeover bid the Offer Period shall be deemed to have commenced at the time of that announcement.

**"Employee Option"** means an option to acquire a Share issued in accordance with the Employee Option Scheme.

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

**"Terms and Conditions"** means the terms and conditions in this section 1 as amended from time to time.

**"Trigger Event"** means:

- (iv) the despatch of a notice of meeting to consider a scheme of arrangement between the Company and its creditors or members or any class thereof pursuant to section 411 of the Corporations Act;
- (v) the service of a bidder's statement or a like document on the Company; or
- (vi) the date upon which a person or a group of associated person becomes entitled, subsequent to the date of issue of the Employee Option, to sufficient Shares to give it or them the ability, in general meeting to replace all, or allow a majority, of Directors in circumstances where such ability was not already held by a person associated with such person or group of associated persons.

## **Schedule 4 - Nomination of Auditor**

---



23 October 2007

**Atlas Iron Limited** ACN: 110 396 168  
Ground Floor, 25 Richardson St, West Perth,  
WA 6005. PO Box 223, West Perth, WA 6872  
**T:** +61(0) 8 9476 7900 **F:** +61(0) 8 9476 7988  
**E:** atlas@atlasiron.com.au **W:** atlasiron.com.au

Board of Directors  
Shaw River Resources Limited  
708 Murray Street  
WEST PERTH WA 6005

Dear Sirs

### **NOTICE OF NOMINATION OF PROPOSED AUDITOR**

Atlas Iron Limited, being a member of Shaw River Resources Limited (the "Company"), hereby nominates Stantons International for appointment as auditor of the Company at its next annual general meeting.

Please distribute copies of this notice of nomination as required by section 328B(3) of the Corporations Act 2001 (Cth).

Yours faithfully  
**Atlas Iron Limited**

A handwritten signature in black ink, appearing to read 'David Flanagan', is located below the typed name.

**DAVID FLANAGAN**  
Managing Director

# SHAW RIVER RESOURCES LIMITED

ACN 1 2 1 5 1 1 8 8 6

## PROXY FORM

The Company Secretary  
Shaw River Resources Limited

**By delivery:** 708 Murray Street, West Perth WA 6005  
**By post:** PO Box 1259 West Perth WA 6872  
**By facsimile:** (08) 9226 4255

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 the University Club of Western Australia, Crawley, Western Australia on Monday, 26 November 2007 at 9.30am (WST) 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).

### INSTRUCTIONS AS TO VOTING ON RESOLUTIONS

#### IMPORTANT:

The chairman of the annual general meeting intends to vote undirected proxies in favour of the Resolution.

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 David Flanagan as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of Option issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of an Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval for appointment of auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Authorised signature/s** This section **must** be signed in accordance with the instructions overleaf 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

The Chair of the meeting intends to vote undirected proxies in favour of resolution 4

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

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

**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 that 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 that 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.

If a representative of the corporation is to attend the annual general meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

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 or by post to 708 Murray Street, West Perth, WA 6005, or Facsimile (08) 9476 7988 if faxed from within Australia or +61 8 9226 4255 if faxed from outside Australia) not less than 48 hours prior to the time of commencement of the annual general meeting (WST).