



29 October 2007

## ASX Announcement

### NOTICE OF ANNUAL GENERAL MEETING 2007

Australian Mines Limited (ASX: AUZ) is pleased to announce the following documents will be dispatched to all shareholders:

The Company's Annual Report for the year ended 30 June 2007.

The Notice of Annual General Meeting of the Company to be held at Allendale Square Meeting Room, Suite 1, Level 31, 77 St Georges Tce, Perth WA on 27 November 2007 at 2pm (WST).

The Notice of General Meeting and Explanatory Memorandum and Proxy Form are attached.

For further information contact:

Brett Young  
Chief Operating Officer  
Australian Mines Limited  
Tel: 08 9481 5811

For media enquiries contact:

Robert Williams  
Farrington National  
Tel: 02 9332 4448

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**LEVEL 1, 681 MURRAY STREET, WEST PERTH, 6005  
(PO BOX 883, West Perth, WA 6872)**

**Tel: (08) 9481 5811 Fax: (08) 9481 5611  
Email: [office@australianmines.com.au](mailto:office@australianmines.com.au)**

**AUSTRALIAN MINES LIMITED**  
**ABN 68 073 914 191**

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

**For the Annual General Meeting to be held on  
27 November 2007 (2.00pm Western Standard Time)  
At Allendale Square Meeting Room, Suite 1, Level 31, 77 St Georges Terrace, Perth  
Western Australia**

*This is an important document. Please read it carefully and in its entirety.  
If you do not understand it please consult with your professional advisers.*

*If you are unable to attend the Meeting, please complete the form of proxy enclosed and return it in accordance with the instructions set out on that form.*

## **TIME AND PLACE OF ANNUAL GENERAL MEETING AND HOW TO VOTE**

This Annual General Meeting of the shareholders of Australian Mines Limited will be held at:

**Allendale Square Meeting Room  
Suite 1, Level 31  
77 St Georges Terrace  
Perth, Western Australia**

**Commencing  
at 2.00pm (WST)  
on 27 November 2007**

### **How to Vote**

You may vote by attending the meeting in person, by proxy or authorised representative.

### **Voting in Person**

To vote in person you need to attend the meeting on the date and at the place set out above. The meeting will commence at 2.00pm (WST).

### **Voting by Proxy**

To vote by proxy, please complete and sign the proxy form enclosed with this Notice of Annual General Meeting as soon as possible and either:

- return the proxy form to the Company's office at Level 1, 681 Murray Street, West Perth, Western Australia,
- Post the proxy addressed Australian Mines Limited, P O Box 883, West Perth, WA 6872, or
- send the proxy by facsimile to facsimile number (08) 9481 5611,

so that it is received not later than 2.00pm (WST) on 25 November 2007.

Your proxy form is enclosed.

**AUSTRALIAN MINES LIMITED**  
**ABN 68 073 914 191**

**NOTICE OF ANNUAL GENERAL MEETING**

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Notice is hereby given that the Annual General Meeting of the Shareholders of AUSTRALIAN MINES LIMITED will be held on 27 November 2007 at Allendale Square Meeting Room, Suite 1, Level 31, 77 St Georges Terrace, Perth, Western Australia at 2.00pm (WST) for the purpose of transacting the following business.

The attached Explanatory Statement is provided to supply Shareholders with information to enable Shareholders to make an informed decision regarding the Resolutions set out in this Notice. The Explanatory Statement is to be read in conjunction with this Notice.

**AGENDA**

**GENERAL BUSINESS**

**Accounts and Reports**

To receive and consider the Financial Reports of the Company and the consolidated entity for the financial year ended 30 June 2007 and the reports of the Directors and Auditors thereon.

**1. Resolution 1 – Adoption of Remuneration Report**

To consider and, if thought fit, to pass with or without amendment, the following in accordance with section 250R(2) of the Corporations Act:

*"That the Remuneration Report in the 2007 Annual Report of the Company be adopted."*

**Short Explanation:** The Remuneration Report is in the Directors Report section of the Company's Annual Report. Listed companies are required to put the Remuneration Report to the vote for adoption at the Company's Annual General Meeting. The resolution will be determined as an ordinary resolution but is advisory only and does not bind the Directors or the Company.

**2. Resolution 2 - Re - election of Director Mr Brett Young**

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

*"That, Mr Brett Young, who retires by rotation in accordance with rule 7.3 of the Constitution of the Company, and being eligible offers himself for election, is hereby re-elected as a Director of the Company."*

**Short Explanation:** Mr Brett Young has been a Director of the Company since 17 October 2005 and was re-elected on 29 November 2005. Mr Young is presented for re-election in accordance with the rotation requirements of the Company's Constitution.

## SPECIAL BUSINESS

### 3 Resolution 3 – Approval of Employee Option Plan

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

*"That for the purposes of Exception 9 of Listing Rule 7.2 of the Listing Rules of ASX Limited and for all other purposes, the Company approve the issue of securities under the Australian Mines Limited Option Plan Rules of September 2003 (as amended from time to time) as an exception to Listing Rule 7.1 of the Listing Rules of ASX Limited, for a period of 3 years commencing on the date of this meeting."*

**Short Explanation:** For the purposes of Exception 9 of Listing Rule 7.2, Shareholders must give their approval to the issue of securities under an employee incentive scheme as an exception to the requirements of Listing Rule 7.1.

The Company will disregard any votes cast on this Resolution by a Director of the Company (except one who is ineligible to participate in the Australian Mines Limited Option Plan) and any associate of those persons. 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 a person chairing that meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

## VOTING AND PROXIES

1. A Shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a Shareholder of the Company.
2. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by the person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
3. In accordance with Regulation 7.11.37 of the Corporations Act, the Directors have set a date to determine the identity of those entitled to attend and vote at the Meeting. The date is 25 November 2007 at 2.00pm (WST).
4. A proxy form is attached. If required it should be completed, signed and returned to the Company's registered office in accordance with the instructions on that form.

**By order of the Board**



Mr Brett Young  
Executive Director and Chief Operating Officer  
Dated: 23 October 2007

**AUSTRALIAN MINES LIMITED**  
**ABN 68 073 914 191**

**EXPLANATORY STATEMENT**

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This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the Notice.

The Directors recommend that Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

**1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT**

The Remuneration Report is in the Directors Report section of the Company's Annual Report.

By way of summary, the Remuneration Report:

- (a) explains the Company's remuneration policy and the process for determining the remuneration of its directors and executive officers;
- (b) addresses the relationship between the Company's remuneration policy and the Company's performance; and
- (c) sets out remuneration details for each Director and each of the Company's executives and group executives named in the Remuneration Report for the financial year ended 30 June 2007.

The Directors recommend that Shareholders vote in favour of Resolution 1. Section 250R(2) of the Corporations Act requires companies to put a resolution to their members that the Remuneration Report be adopted. The vote on this resolution is advisory only and will not bind the Board or the Company.

The Chairman will give Shareholders a reasonable opportunity to ask questions about or to make comments on the Remuneration Report.

**2. RESOLUTION 2 – RE-ELECTION OF MR BRETT YOUNG AS DIRECTOR**

By rule 7.3 of the Company's Constitution, one third of the current Directors (not including any Director appointed as the managing director and any Directors appointed as casual vacancies) must retire from office by rotation at each Annual General Meeting.

In accordance with rule 7.3, Mr Brett Young is presented for re-election by Resolution 2. Mr Brett Young has been a Director since 17 October 2005.

Mr Brett Young offers himself for election by Resolution 2.

Details of the qualifications and experience of Mr Brett Young are set out in the 2007 Annual Report for the Company.

### 3. RESOLUTION 3 – APPROVAL OF EMPLOYEE OPTION PLAN

Listing Rule 7.1 restricts the issue of new securities by a listed company. In broad terms, a company cannot increase securities on issue by more than 15% in any 12 month period unless the increase falls within certain exceptions. One exception to Listing Rule 7.1 is Listing Rule 7.2 exception 9 in relation to the issue of securities under an employee incentive scheme. Exception 9(b) of Listing Rule 7.2 provides that securities may be issued under an employee incentive scheme that has been approved by shareholders for that purpose within the last three years.

The Company's Option Plan ("**Plan**") was approved by Shareholders for the purposes of exception 9(b) of Listing Rule 7.2 on 13 November 2003.

Therefore, the Company is seeking Shareholder approval of the Plan under exception 9(b) of Listing Rule 7.2 again in order to allow the Company to continue to issue Options under the Plan without limiting the ability of the Company to issue securities under Listing Rule 7.1.

The purpose of the Plan is to:

- (a) motivate and assist in retaining key employees;
- (b) recognise the ability and efforts of employees who contribute to the success of the Company;
- (c) provide performance incentives (where applicable) to allow persons to share in the rewards and success of the Company;
- (d) encourage eligible persons to ensure the Company performs well for Shareholders through growth and increasing Shareholder value; and
- (e) attract persons of experience and ability to employment with the Company.

The Company has issued 1,548,000 Options under the Plan since 13 November 2003, being the date the Plan was last approved by Shareholders.

A summary of the terms of the Plan are as follows:

1. The Board may establish and administer a plan in accordance with rules known as the "Australian Mines Limited Option Plan Rules".
2. The eligible persons who may participate in the plan are:
  - (a) a full or part-time employee, contractor or consultant of the Company or any associated company, other than a person who is also a Director ("**Eligible Employee**");
  - (b) a spouse of an Eligible Employee;
  - (c) a body corporate in which an Eligible Employee holds or beneficially owns not less than 50% of the issued voting share capital;
  - (d) the trustee of a trust in which an Eligible Employee is a member; or

- (e) a trustee of a superannuation fund of which an Eligible Employee is a member.
3. Directors are excluded from participating in the Plan.
  4. Subject to the Corporations Act and Listing Rules, the Board may at its discretion and at such times as it determines, issue invitations to eligible persons inviting applications for the grant of Options. The number of Options the subject of any invitation will be as determined by the Board.
  5. The Board may impose performance criteria that must be satisfied before a holder is permitted to exercise an Option granted under the Plan.
  6. The exercise price for each Option will be as determined by the Board but will not be less than the average market price per share (weighted by reference to volume) of the shares sold through ASX during the 5 trading days ending one day immediately before the proposed grant date.
  7. The Options granted under the plan will not be listed for quotation on any stock exchange.
  8. Shares issued upon exercise of Options shall, from the date of issue, rank equally in all respects with shares which are listed for quotation on the ASX.
  9. All Options held by an eligible person will automatically lapse within 30 days of the holder ceasing to be an eligible person.
  10. All Options may be exercised during a takeover period or, if the Board considers appropriate, in the event of a death or permanent disablement of an Eligible Employee.
  11. The Board may deem any unexercised options to have lapsed where an Eligible Employee acts fraudulently or dishonestly in any material respect or is in material breach of his or her obligations to any group company.
  12. The Board may alter the plan or rules at any time so long as such amendment complies with the Listing Rules.

There have been no amendments to the terms of the Plan since it was last approved by Shareholders on 13 November 2003.

**AUSTRALIAN MINES LIMITED**

**ABN 68 073 914 191**

**GLOSSARY**

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In this Explanatory Statement the following expressions have the following meanings:

"**Annual General Meeting**" and "**Meeting**" means the meeting convened by this Notice.

"**ASX**" means ASX Limited.

"**ASX Listing Rules**" or "**Listing Rules**" means the Listing Rules of ASX Limited.

"**Board**" means the board of directors of the Company.

"**Chairman**" means the chairman of the Company.

"**Company**" or "**Australian Mines**" means Australian Mines Limited (ABN 68 073 914 191).

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

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

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

"**Explanatory Statement**" means this explanatory statement.

"**Notice**" means the notice of meeting that accompanies this Explanatory Statement.

"**Options**" means an option to subscribe for a Share.

"**Proxy Form**" means the proxy form accompanying the Notice.

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

"**Share**" means a fully paid ordinary share in the capital of the Company and "**Shares**" has a corresponding meaning.

"**Shareholder**" means a holder of Shares.

"**WST**" means Western Standard Time, Perth, Western Australia.

**AUSTRALIAN MINES LIMITED**  
**(ABN 68 073 914 191)**

**PROXY FORM**  
**ANNUAL GENERAL MEETING**

I/We (name and address)

being a Member of Australian Mines Limited entitled to attend and vote at the Annual General Meeting, hereby

Appoint

Name of proxy

or failing the person so named or, if no person is named, the Chairman of the Annual General Meeting or the Chairman's nominee, 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 Shareholders to be held at Allendale Square Meeting Room, Suite 1, Level 31, 77 St Georges Terrace, Perth, Western Australia on 27 November 2007 at 2.00pm (WST) and at any adjournment thereof. **If no directions are given on how to vote, the Chairman will vote in favour of all of the Resolutions.**

**Voting on Business of the General Meeting**

|              |                                  | FOR                      | AGAINST                  | ABSTAIN                  |
|--------------|----------------------------------|--------------------------|--------------------------|--------------------------|
| Resolution 1 | Adoption of Remuneration Report  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 | Re-election of Mr Brett Young    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3 | Approval of Employee Option Plan | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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 Resolutions and that the votes cast by the Chair of the meeting for those Resolutions other than as proxy holder will be disregarded because of that interest. **The Chair intends to vote any such undirected proxies in favour of all Resolutions.** 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 Resolutions and your votes will not be counted in calculating the required majority if a poll is called on a Resolution.

If you mark the abstain box for a particular item, you are directing your proxy not vote on that item on a show of hands or on a poll and that your Shares are not to be counted in computing the required majority of a poll

If two proxies are being appointed, the proportion of voting rights this proxy represents is \_\_\_\_\_%.

Please return this Proxy Form to the Company Secretary, Australian Mines Limited Level 1, 681 Murray Street, West Perth, Western Australia, post to Company at P O Box 883, West Perth, WA 6872 or fax to (08) 9481 5611 by 2.00pm (WST) on 25 November 2007.

Signed this                      day of                      2007.

**By:**

Individuals and joint holders

Companies (affix common seal if appropriate)

Signature

Director

Signature

Director/Company Secretary

Signature

Sole Director and Sole Company Secretary

**AUSTRALIAN MINES LIMITED**  
**ABN 68 073 914 191**

**Instructions for Completing Proxy Form**

1. A member of the Company who is entitled to attend and cast two or more votes at a general meeting of shareholders is entitled to appoint two proxies. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
  - 2 directors of the company;
  - a director and a company secretary of the company; or
  - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a proxy form will not prevent individual shareholders from attending the meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the meeting.
5. Where a proxy form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.