



ABN 33 087 741 571

NOTICE OF ANNUAL GENERAL MEETING
and Explanatory Memorandum

TIME: 11.00am (WST)
DATE: Wednesday, 19 May 2010
PLACE: Level 19, AMP Tower
140 St Georges Terrace
Perth, Western Australia

This Notice of Meeting should be read in its entirety. It contains the resolutions which will be voted upon at the Annual General Meeting (AGM) at 11.00am (WST) on Wednesday, 19 May 2010 and information in relation to those resolutions for your consideration.

If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.



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1. TIME AND PLACE OF MEETING AND HOW TO VOTE

1.1 VENUE

The Annual General Meeting of the Shareholders of Po Valley Energy Limited which this Notice of Meeting relates to will be held on Wednesday, 19 May 2010 at 11:00am (WST) at Level 19, AMP Tower, 140 St Georges Terrace, Perth, Western Australia.

1.2 YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

1.3 VOTING ENTITLEMENT

For the purposes of the Annual General Meeting, only those persons registered as Shareholders of the Company at 11.00am (WST) on 17 May 2010 will be entitled to vote. This means that if you are not a registered Shareholder at that time you will not be entitled to vote in respect of that Share. On a show of hands each Shareholder has one vote. On a poll each Shareholder has one vote for each Share they hold.

1.4 VOTING IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

1.5 VOTING BY PROXY

To vote by proxy, please send the completed proxy form enclosed (and relevant authorities) to Link Market Services Limited so that it is received no later than 11.00am (WST) on Monday, 17 May 2010. **Proxy forms received later than this time will be invalid.**

To do this, you may:

- use the enclosed reply paid envelope; or
- fax to +61 2 9287 0309; or
- mail to Locked Bag A14, Sydney South NSW 1235 Australia; or
- deliver in person to Level 12, 680 George Street, Sydney NSW Australia; or
- lodge online at www.linkmarketservices.com.au in accordance with the instructions given there (you will be taken to have signed your proxy form if you lodge it in accordance with the instructions given on the website). You will need your Holder Identification Number (HIN) or Securityholder Reference Number (SRN), which can be found on the front of the Proxy Form.

If you require further information on how to complete the proxy form, telephone Link Market Services Limited on +61 2 8280 7424.



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2. NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Po Valley Energy Limited will be held at Level 19, AMP Tower, 140 St Georges Terrace, Perth, Western Australia on Wednesday, 19 May 2010 commencing at 11.00am (WST).

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

Terms and abbreviations used in this Notice of Meeting and Explanatory Memorandum are defined in the Glossary.

2.1 ITEMS OF BUSINESS

FINANCIAL STATEMENTS AND REPORTS

To receive the financial report of the Company for the year ended 31 December 2009, together with the directors' report, the auditor's report and the remuneration report.

RESOLUTION 1: REMUNERATION REPORT (NON-BINDING)

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, the Company adopts the Remuneration Report as contained in the Company's annual financial report for the year ended 31 December 2009."

Short Explanation: The Corporations Act provides that a resolution that the remuneration report be adopted must be put to vote at a listed company's annual general meeting. The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

RESOLUTION 2: RE-ELECTION OF MR GRAHAM BRADLEY AS A DIRECTOR

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

"That, Mr Graham Bradley being a Director of the Company retires under the director rotation provisions of Clause 13.2 of the Company's Constitution. Mr Graham Bradley, being eligible, is hereby re-elected as a Director of the Company."

Short Explanation: Clause 13.2 of the Constitution requires that at the Company's annual general meeting one-third of the Directors shall retire from office provided always that no Director holds office for a period in excess of 3 years. A retiring Director is eligible for re-election.



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RESOLUTION 3: RATIFICATION OF ISSUE OF SHARES

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

“That, for all purposes including ASX Listing Rule 7.4, Shareholders ratify the allotment and issue of 5,500,000 Shares on the terms and conditions set out in the Explanatory Memorandum”.

Short Explanation: Under the ASX Listing Rules, the Company may seek Shareholder ratification after issuing securities to allow it the flexibility to make further issues of securities up to the threshold of 15% of its total equity securities in any 12 month period. Please refer to the Explanatory Memorandum for details.

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a 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.

Dated: 16 April 2010

BY ORDER OF THE BOARD

A handwritten signature in black ink that reads 'Lisa Jones'.

LISA MEREDITH JONES
Company Secretary

Voting Exclusion Note:

Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person as a proxy for a 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.



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3. EXPLANATORY MEMORANDUM

This Explanatory Memorandum, which is included in and forms part of this Notice of Meeting, is to provide Shareholders with information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

3.1 REPORTS AND ACCOUNTS

The 2009 Annual Report has been sent to Shareholders (other than those who do not wish to receive it) and can also be found on the Company's website (www.povalley.com). There will be an opportunity for Shareholders to ask questions about, or comment on, the 2009 Annual Report and the management and performance of the Company at the Annual General Meeting.

3.2 RESOLUTION 1: REMUNERATION REPORT

The Remuneration Report is set out on page 22 of the Company's 2009 Annual Report which is available on the Company's website: www.povalley.com.

Pursuant to section 250R(2) of the Corporations Act 2001, all listed companies are required to present their remuneration reports for each financial year for adoption at the company's annual general meeting. Please note that according to Section 250R(3) of the Corporations Act the vote on this Resolution is advisory only and does not bind the Directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practice and policies of the Company.

Shareholders will have the opportunity at the Annual General Meeting to ask questions in relation to the Remuneration Report.

3.3 RESOLUTION 2: RE-ELECTION OF MR GRAHAM BRADLEY

Clause 13.2 of the Constitution requires that at the Company's annual general meeting one-third of the Directors shall retire from office provided always that no Director holds office for a period in excess of 3 years.

Clause 13.2 of the Constitution also provides that a retiring Director is eligible for re-election. Mr Bradley has retired by rotation and now seeks re-election in accordance with clause 13.2 of the Constitution.

Mr. Bradley has chaired the Company since September 2004 and was the inaugural Chairman when the Company listed in December 2004. Mr. Bradley is a professional public company director and chairman and is currently Chairman of Stockland Corporation Limited, HSBC Bank Australia Limited and a director of other companies as detailed on page 20 of the Company's 2009 Annual Report.



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Mr. Bradley also chairs the Company's Remuneration & Nominations Committee and is a member of the Audit & Risk Committee.

For further details of Mr Bradley's qualifications and experience, please refer to the 2009 Annual Report.

Mr. Bradley's re-election is unanimously recommended to shareholders by the other Directors.

3.4 RESOLUTION 3: RATIFICATION OF ISSUE OF SHARES

3.4.1 General

As announced on 6 October 2009, the Company raised \$8,525,000 through a private placement of 5,500,000 Shares at \$1.55 per share (**Placement Shares**) to sophisticated and institutional investors in Australia.

The subscribers pursuant to this issue were not related parties of the Company.

Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Placement Shares (**Share Ratification**).

ASX Listing Rule 7.1 provides that an ASX listed company may not issue equity securities comprising more than 15% of its issued shares in any 12 month period without obtaining shareholder approval unless the issue comes within any of the specified exceptions set out in ASX Listing Rule 7.2.

ASX Listing Rule 7.4 provides that an issue of shares made without shareholder approval is treated as having been made with approval for the purposes of ASX Listing Rule 7.1 if the issue did not breach the 15% limit and shareholders subsequently approve the issue.

If Shareholder approval is obtained the issue of the Placement Shares will be exempt from the 15% limit under ASX Listing Rule 7.1. This will provide the Company with flexibility during the next 12 month period to issue further equity securities within the limits imposed by ASX Listing Rule 7.1.

3.4.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Share Ratification:

- (a) 5,500,000 Shares were allotted;
- (b) the issue price was \$1.55 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were allotted and issued to sophisticated and institutional investors. None of whom were related parties of the Company; and
- (e) the funds raised from this issue will be used for general working capital purposes and for expansion options.



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4. GLOSSARY

2009 Annual Report means the Company's annual report for the year ended 31 December 2009.

Annual General Meeting or **AGM** means the annual general meeting of the Company to be held on 19 May 2010 at 11.00am (**WST**).

ASX means ASX Limited.

ASX Listing Rules means the listing rules of ASX.

Board means the current board of directors of the Company.

Company means Po Valley Energy Limited (ABN 33 087 741 571).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company.

Explanatory Memorandum means the explanatory memorandum which accompanies and is incorporated as part of this Notice;

Notice and **Notice of Meeting** means this Notice of AGM.

Remuneration Report means the remuneration report of the Company for the year ended 31 December 2009, as set out in the 2009 Annual Report.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

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

Shareholder means a holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.