
KRATOS ENERGY LTD**ACN 125 901 868****NOTICE OF ANNUAL GENERAL MEETING**

TIME: 1.00pm (WST)
DATE: Monday, 28 November 2011
PLACE: Conference Room
589 Stirling Highway
Cottesloe, WA, 6011

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on + 61 8 9286 2828

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders of Kratos Energy Limited which this Notice of Meeting relates to will be held at 1.00pm (WST) on 28 November 2011 at:

Conference Room
589 Stirling Highway
Cottesloe WA 6011

YOUR VOTE IS IMPORTANT

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

VOTING IN PERSON

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

VOTING BY PROXY

To vote by proxy, please complete and sign the proxy form enclosed and either:

- (a) send the proxy form by post to Kratos Energy Ltd, PO Box 892, Cottesloe, WA, 6911; or
- (b) send the proxy form by facsimile to the Company on facsimile number + 61 8 9286 2822, or
- (c) send the proxy form by email to the Company at info@kratosenergy.com

so that it is received no later than 1.00pm on 26 November 2011.

Proxy forms received later than this time will be invalid.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Kratos Energy Limited will be held at Conference Room, 589 Stirling Highway, Cottesloe, Western Australia, 6011 at 1.00pm WST on Monday, 28 November 2011.

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

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 Shareholders at 1.00pm (WST) on 26 November 2011.

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

AGENDA

Reports and Accounts

To receive the financial report of the Company for the year ended 30 June 2011, together with the Directors' Report and the Auditor's Report.

Resolution 1 – Election of Michael Lowry

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

"That, Michael Lowry, having been appointed as an additional Director of the Company prior to the date of this meeting and being eligible, in accordance with clause 11.12 of the Constitution be re-elected as a Director."

Short Explanation: Pursuant to clause 11.11 of the Company's Constitution, the Directors may at any time appoint a person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Michael Lowry was appointed to the Board prior to the date of this Annual General Meeting and pursuant to clause 11.12 of the Constitution seeks re-election as a Director.

Resolution 2 – Re-election of Matthew Sheldrick

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

"That, Matthew Sheldrick, being a Director, retires in accordance with clause 11.3 of the Constitution and, being eligible be re-elected as a Director."

Short Explanation: Pursuant to clause 11.3 of the Company's Constitution, one third of the Company's Directors must retire at each Annual General Meeting. A Director who retires in accordance with clause 11.3 of the Constitution is eligible for re-election.

DATED: 2 November 2011

BY ORDER OF THE BOARD



**MICHAEL ANDRUSZKIW
COMPANY SECRETARY
KRATOS ENERGY LTD**

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.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at Conference Room, 589 Stirling Highway, Cottesloe, Western Australia on Monday 28 November 2011 at 1.00pm (WST).

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the resolutions in the Notice of Meeting.

1. RESOLUTIONS 1 AND 2 – RE-ELECTION OF DIRECTORS

Clause 11.12 of the Company's Constitution states that the Directors may at any time appoint a person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed holds office only until the following general meeting of shareholders and is then eligible for re-election.

Michael Lowry was appointed on 15 September 2011 and in accordance with Clause 11.12 of the Constitution seeks re-election as a Director.

Pursuant to Clause 11.3 of the Company's Constitution, at every Annual General Meeting, one-third of all the Directors shall retire from office at each annual general meeting of the Company. A retiring Director is eligible for re-election.

In accordance with the Constitution, Matthew Sheldrick retires and seeks re-election.

Details regarding Michael Lowry's and Matthew Sheldrick's qualifications and experience are set out in the 2011 Annual Report.

2. SCRUTINEER

A representative of Kratos Energy's external auditor, BDO Audit (WA) Pty Ltd, will act as a scrutineer for any polls that may be required at the meeting.

3. QUESTIONS AND COMMENTS BY SHAREHOLDERS AT THE MEETING

In accordance with the Corporations Act 2001, a reasonable opportunity will be given to shareholders – as a whole – to ask questions or make comments on the management of Kratos Energy at the meeting.

Similarly, a reasonable opportunity will be given to shareholders – as a whole – to ask questions to Kratos Energy's external auditor, BDO Audit (WA) Pty Ltd, relevant to:

- (a) the conduct of the audit;
- (b) the preparation and contents of the audit report;
- (c) the accounting policies adopted by Kratos Energy in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit.

Shareholders may also submit a written question to BDO Audit (WA) Pty Ltd if the question is relevant to the content of BDO Audit (WA) Pty Ltd's audit report or the conduct of its audit of Kratos Energy's financial report for the period ended 30 June 2011.

Relevant written questions for BDO Audit (WA) Pty Ltd must be received no later than 5.00pm (WST) on Friday 25 November 2011. A list of those relevant questions will be made available to Shareholders attending the meeting. BDO Audit (WA) Pty Ltd will either answer questions at the meeting or table written answers to them at the meeting.

Please send any written questions for BDO Audit (WA) Pty Ltd:

- (a) by post to Kratos Energy Limited, PO Box 892, Cottesloe, WA, 6911 or
- (b) by facsimile to the Company on facsimile number + 61 8 9286 2822.
- (c) by email to the Company at info@kratosenergy.com

GLOSSARY

2011 Annual Report means the Company's Annual Report for the year ended 30 June 2011.

Board means the Board of Directors.

Company or **Kratos Energy** means Kratos Energy Limited (ACN 125 901 868).

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.

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.

APPOINTMENT OF CORPORATE REPRESENTATIVE

Registered name(s):

Registered Address:

Appointment of Corporate Representative

The abovenamed registered holder hereby appoints:

to act as its representative at:

The 2011 Annual General Meeting of Kratos Energy Ltd to be held on 28 November 2011.

Signature

Director
Secretary

Director/Secretary

Sole Director & Sole Company

Date: _____

KRATOS ENERGY LTD
ACN 125 901 868

Instructions for Completing 'Appointment of Proxy' & 'Appointment of Corporate Representative' Forms

1. A shareholder entitled to attend and vote at a meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a 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 the votes.
2. A duly appointed proxy need not be a shareholder 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:
 - 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. In order to vote at the meeting on behalf of a company that is a shareholder of Kratos Energy, a valid Power of Attorney or appointment of corporate representative in the name of the attendee must be either lodged with the Company prior to the Meeting, or be presented at the Meeting before registering on the attendance register for the Meeting.
 6. 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.
 7. To vote by proxy, please complete and sign the proxy form enclosed and either:
 - (a) send the proxy form by post to Kratos Energy Limited, PO Box 892 Cottesloe, WA 6911; or
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- (b) send the proxy form by facsimile to the Company on facsimile number +61 8 9286 2822.
- (c) send the proxy form by email to the Company at info@kratosenergy.com

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