

BOSS ENERGY LIMITED

ABN 38 116 834 336

NOTICE OF GENERAL MEETING AND EXPLANATORY STATEMENT

**For a Shareholders' General Meeting to be held
on Tuesday 6 May 2008 at 12.00 noon (WST) at The Celtic Club,
48 Ord Street, West Perth, Western Australia**

This is an important document. Please read it carefully.

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

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TIME AND PLACE OF MEETING AND HOW TO VOTE

Venue

The General Meeting of Boss Energy Limited will be held at:

**The Celtic Club
48 Ord Street
West Perth, Western Australia**

**Commencing
at 12.00 noon (Western Standard Time)
on Tuesday 6 May 2008**

How to Vote

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

Voting in Person

To vote in person, attend the meeting on the date and at the place set out above. The meeting will commence at 12.00 noon (Western Standard Time).

Voting by Proxy

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

- send the proxy form (by post or delivery) to the Company's office at Suite 24, 18 Stirling Highway, Nedlands, Western Australia; or
- send the proxy form by facsimile to facsimile number +61 8 9389 6622.

so that it is received not later than 12.00 noon (Western Standard Time) on 4 May 2008.

Your proxy form is enclosed.

BOSS ENERGY LIMITED
ABN 38 116 834 336

NOTICE OF GENERAL MEETING

Notice is hereby given that the General Meeting of the Shareholders of Boss Energy Limited will be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Tuesday 6 May 2008 at 12.00 noon (Western Standard Time) 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

BUSINESS

Resolution 1 – Approval to issue Securities to Gravner Limited

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

"That for the purposes of item 7 in the table in section 611 of the Corporations Act and for all other purposes, approval is given for the Company to allot and issue the following securities to Gravner Limited on the terms and conditions set out in the Explanatory Statement accompanying this Notice:

- (a) up to 37,000,000 fully paid ordinary shares in the capital of the Company; and*
- (b) up to 37,000,000 options to acquire fully paid ordinary shares in the capital of the Company; and*
- (c) up to 37,000,000 fully paid ordinary shares in the capital of the Company upon exercise of the options referred to in paragraph (b) above."*

Short Explanation: Approval is being sought under item 7 in the table of section 611 of the Corporations Act to allow the Company to issue the number of securities the subject of this Resolution to Gravner Limited. Gravner Limited will be prohibited from acquiring all of these securities if this Resolution is not passed because it will have a relevant interest in issued voting Shares in excess of the permissible thresholds in the Corporations Act. Shareholders should carefully consider the Independent Expert's report prepared by VMC Global Pty Ltd which comments on the fairness and reasonableness of the transaction to the Non-Associated Shareholders in the Company. The Independent Expert concludes that the proposal the subject of this Resolution is **unfair but reasonable**.

The Company will disregard any votes cast on this Resolution by Gravner Limited and its Associates.

Resolution 2 - Ratification of Placement of Shares and Options

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

"That for the purposes of Listing Rule 7.4 of the Listing Rules of the ASX Limited and for all other purposes, the Company approves and ratifies the issue of 500,000 fully paid ordinary shares in the capital of the Company and 5,125,000 options to acquire fully paid ordinary shares in the capital of the Company to investors eligible under section 708 of the Corporations Act and on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

Short Explanation: ASX Listing Rule 7.1 allows the Company to issue equity securities in any 12 month period representing up to 15% of its ordinary share capital on issue at the commencement of that period without shareholder approval. By obtaining ratification of shareholders under ASX Listing Rule 7.4 to the issue of the securities to the allottees, the Company will obtain relevant approval for the purposes of ASX Listing Rule 7.1 and thereby refresh the Company's capacity to make future issues of securities up to the 15% threshold. Please refer to the Explanatory Statement for details.

The Company will disregard any votes cast on this Resolution by an allottee of the issue the subject of this Resolution and any Associates of such an allottee. However, the Company will not disregard a vote cast on this Resolution if:

- a) it is cast by an allottee 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 the person chairing the 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.

Resolution 3 – Approval to issue Options pursuant to Placement

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

"That for the purposes of Listing Rule 7.1 of the Listing Rules of ASX Limited and for all other purposes, approval is given for the Company to issue up to 5,125,000 options to acquire fully paid ordinary shares in the capital of the Company on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

Short Explanation: Under ASX Listing Rule 7.1, the Company may not issue or agree to issue equity securities in any 12 month period representing more than 15% of its ordinary share capital on issue at the commencement of that period without shareholder approval. Further, equity securities issued with prior shareholder approval are not included in the calculation under ASX Listing Rule 7.1. Please refer to the Explanatory Statement for details.

The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if this Resolution is passed and any Associate of those persons. However, the Company need not disregard a vote cast on this Resolution if:

- a) it is cast by an allottee 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 the person chairing the 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.

Resolution 4 – Approval to issue Options to employees and consultants

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

"That for the purposes of Listing Rule 7.1 of the Listing Rules of ASX Limited and for all other purposes, approval is given for the Company to issue up to 10,000,000 options to acquire fully paid ordinary shares in the capital of the Company on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

Short Explanation: Under ASX Listing Rule 7.1, the Company may not issue or agree to issue equity securities in any 12 month period representing more than 15% of its ordinary share capital on issue at the commencement of that period without shareholder approval. Further, equity securities issued with prior shareholder approval are not included in the calculation under ASX Listing Rule 7.1. Please refer to the Explanatory Statement for details.

The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if this Resolution is passed and any Associate of those persons. However, the Company need not disregard a vote cast on this Resolution if:

- a) it is cast by an allottee 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 the person chairing the 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.

Resolution 5 – Approval to issue Shares

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

"That, for the purposes of Listing Rule 7.1 of the Listing Rules of the ASX Limited and for all other purposes, approval is given for the Company to allot and issue up to 30,000,000 fully paid ordinary shares in the capital of the Company at an issue price of not less than 80% of the average market price calculated over the last 5 days on which sales of the Company's fully paid ordinary shares were recorded prior to the issue of the Shares, or, if there is a prospectus issued relating to the issue, over the last

5 days on which sales of the Company's fully paid ordinary shares are recorded before the date of the prospectus and otherwise on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

Short Explanation: Under ASX Listing Rule 7.1, the Company may not issue or agree to issue equity securities in any 12 month period representing more than 15% of its ordinary share capital on issue at the commencement of that period without shareholder approval. Further, equity securities issued with prior shareholder approval are not included in the calculation under ASX Listing Rule 7.1. Please refer to the Explanatory Statement for details.

The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if this Resolution is passed and any Associate of those persons. However, the Company need not disregard a vote cast on this Resolution if:

- a) it is cast by an allottee 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 the person chairing the 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.

Resolution 6 – Approval to grant Options to Mr Robert Grover

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

"That for the purposes of Chapter 2E of the Corporations Act, Listing Rule 10.11 of the Listing Rules of the ASX Limited and for all other purposes, approval is given for the Company to grant to Mr Robert Grover or his nominee up to 2,000,000 options to acquire fully paid ordinary shares in the capital of the Company on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

Short Explanation: Under the ASX Listing Rules an issue of securities to a director requires prior shareholder approval. For the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11, Shareholder approval is being sought to allow Mr Grover as a Director to be issued securities in the Company.

The Company will disregard any votes cast on this Resolution by Mr Robert Grover and any of his Associates or any person who may obtain a benefit if this Resolution is passed other than in their capacity as a holder of ordinary securities. However, the Company will not disregard a vote cast on this Resolution if:

- a) it is cast by an allottee 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 the person chairing the 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.

Resolution 7 – Approval to grant Options to Mr Joseph Obeid

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

"That for the purposes of Chapter 2E of the Corporations Act, Listing Rule 10.11 of the Listing Rules of the ASX Limited and for all other purposes, approval is given for the Company to grant to Mr Joseph Obeid or his nominee up to 2,000,000 options to acquire fully paid ordinary shares in the capital of the Company on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

Short Explanation: Under the ASX Listing Rules an issue of securities to a director requires prior shareholder approval. For the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11, Shareholder approval is being sought to allow Mr Obeid as a Director to be issued securities in the Company.

The Company will disregard any votes cast on this Resolution by Mr Joseph Obeid and any of his Associates or any person who may obtain a benefit if this Resolution is passed other than in their capacity as a holder of ordinary securities. However, the Company will not disregard a vote cast on this Resolution if:

- a) it is cast by an allottee 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 the person chairing the 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.

Resolution 8 – Approval to grant Options to Mr Winton Willesee

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

"That for the purposes of Chapter 2E of the Corporations Act, Listing Rule 10.11 of the Listing Rules of the ASX Limited and for all other purposes, approval is given for the Company to grant to Mr Winton Willesee or his nominee up to 2,000,000 options to acquire fully paid ordinary shares in the capital of the Company on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

Short Explanation: Under the ASX Listing Rules an issue of securities to a director requires prior shareholder approval. For the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11, Shareholder approval is being sought to allow Mr Willesee as a Director to be issued securities in the Company.

The Company will disregard any votes cast on this Resolution by Mr Winton Willesee and any of his Associates or any person who may obtain a benefit if this Resolution is passed other than in their capacity as a holder of ordinary securities. However, the Company will not disregard a vote cast on this Resolution if:

- | |
|---|
| <p>a) it is cast by an allottee as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or</p> <p>b) it is cast by the person chairing the 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.</p> |
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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 4 May 2008 at 12.00 noon (Western Standard Time).
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 Winton Willesee
Director and Company Secretary

Dated: 28 March 2008

BOSS ENERGY LIMITED
ABN 38 116 834 336

EXPLANATORY STATEMENT

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

An independent expert's report has been prepared by **VMC Global Pty Ltd** to comment on whether the proposal to issue the Securities to Gravner Limited under Resolution 1 is fair and reasonable to the Non-Associated Shareholders. **Shareholders should note that the Independent Expert has concluded that the proposal is unfair but reasonable to the Non-Associated Shareholders.**

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

1. RESOLUTION 1 – APPROVAL TO ISSUE SECURITIES TO GRAVNER LIMITED

1.1 Background – Corporate Advisory Agreement

On 19 December 2007, Gravner Limited and the Company entered into the Corporate Advisory Agreement whereby the Company appointed Gravner Limited as Advisor to provide corporate advisory services to the Company. The Agreement is only binding if the Company obtains Shareholder approval under Resolution 1.

The corporate advisory services include:

- (a) promoting and assisting the Company in developing and implementing its corporate strategy and the development of its projects;
- (b) sourcing and advising the Company on projects that are complementary to the Company's corporate strategy and its other projects; and
- (c) providing corporate advice on acquisitions, sales and divestments, takeovers and mergers, joint venture or strategic alliances or other corporate transactions to enhance shareholder value.

The Corporate Advisory Agreement is for a term of 3 years from the date of receipt of Shareholder approval and may be renewed for a further 1 year at the end of the initial term.

In consideration for providing the corporate advisory services, the Company has agreed to pay the Advisor the following service fees.

- (a) A retainer fee of:

- (i) \$20,000 (twenty thousand dollars) per month for the first year;
 - (ii) \$30,000 (thirty thousand dollars) per month for the second year;
 - (iii) \$40,000 (forty thousand dollars) per month for the duration of the agreement.
- (b) A securities fee payable by the issue of Shares and Options when specified milestone events are met during the term of the agreement. The Options are to be issued on the terms and conditions set out in Annexure 1. The number of Shares and Options to be issued and the milestone events are set out in Table A below.
- (c) A capital raising fee of 5.0% of the proceeds of any capital raisings undertaken by or with the assistance or involvement of the Advisor during the term.
- (d) A success fee of 5% fee on the equity value of a takeover transaction.

Table A
Securities fee payable to the Advisor of the occurrence of the following milestone events

| | Number of Securities | Event |
|---|--|--|
| A | 4,000,000 Shares and 4,000,000 Options | The average market capitalisation of the Company is more than \$20,000,000 for more than 3 consecutive trading days. |
| B | 6,000,000 Shares and 6,000,000 Options | The average market capitalisation of the Company is more than \$50,000,000 for more for than 3 consecutive trading days. |
| C | 8,000,000 Shares and 8,000,000 Options | The average market capitalisation of the Company is more than \$75,000,000 for more than 3 consecutive trading days. |
| D | 9,000,000 Shares and 9,000,000 Options | The average market capitalisation of the Company is more than \$100,000,000 for more than 3 consecutive trading days. |
| E | 10,000,000 Shares and 10,000,000 Options | The average market capitalisation of the Company is more than \$125,000,000 for more than 3 consecutive trading days. |

The "market capitalisation" of the Company is the value of the Company calculated by multiplying the number of Shares on issue by the volume weighted average Share price.

The agreement is governed by the laws of Western Australia.

The Agreement between the Company and the Advisor is only binding if the Company obtains Shareholder approval. Shareholder approval is required because the Advisor will increase its relevant interest in voting Shares in the Company from below 20% to more than 20% once milestone event "B" is achieved (on a fully diluted basis) and it will increase its relevant interest in voting Shares in the Company above 20% if

milestone events "C", "D" and "E" are achieved. The Advisor may be prohibited under the Corporations Act from acquiring Shares if milestones "B", "C", "D" or "E" are achieved unless one of the exceptions in the Corporations Act applies. One exception is when shareholders approve the acquisition of securities before the acquisition occurs.

1.2 Corporations Act

Prohibition on certain acquisitions of relevant interests in voting shares

Section 606 of the Corporations Act prohibits a person acquiring a relevant interest in issued voting shares in a company if, as a result of the acquisition that person's or someone else's voting power in the company increases from 20% or below to more than 20%, or from a starting point that is above 20% and below 90%.

Section 608 of the Corporations Act provides that a person has a relevant interest in securities if they:

- (a) are the holder of the securities; or
- (b) have power to exercise, or control the exercise of, a right to vote attached to securities; or
- (c) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

The voting power of a person is determined under section 610 of the Corporations Act. It involves calculating the number of voting shares in the company in which the person and the person's associates have a relevant interest.

A person ("**second person**") will be an "associate" of the other person ("**first person**") if:

- (a) the first person is a body corporate and the second person is:
 - (i) a body corporate the first person controls;
 - (ii) a body corporate that controls the first person; or
 - (iii) a body corporate that is controlled by an entity that controls the person;
- (b) the second has entered or proposed to enter into a relevant agreement with the first person for the purposes of controlling or influencing the composition of the company's board or the conduct of the company's affairs; and
- (c) the second person is a person with whom the first person is acting or proposed to act, in concert in relation to the company's affairs.

Exceptions to the section 606 prohibition

There are various exceptions to the prohibition in section 606. Section 611 contains a table setting out circumstances in which acquisitions of relevant interests are exempt from the prohibition. Item 7 of this table provides an exemption where a resolution is passed at a general meeting of the company before the acquisition is made. The parties involved in the acquisition and their associates are not able to cast a vote on the resolution.

The purpose of Resolution 1 is to obtain Shareholder approval to the acquisition of Shares and Options in the Company by the Advisor pursuant to item 7 in the table in section 611. By passing Resolution 1, the Advisor will not be prohibited from acquiring Shares or Options as payment of the securities fee under the Corporate Advisory Agreement or from exercising the Options.

1.3 Information required by Item 7 in the table in section 611 and ASIC Regulatory Guide 74

The following paragraphs set out information required to be provided to Shareholders under the ASIC Regulatory Guide 74 and item 7 in the table in section 611 of the Corporations Act.

Shareholders are also referred to the Independent Expert's Report attached to this Explanatory Statement.

(a) Identity of the person proposing to make the acquisition and their associates

The Shares and Options will be issued to Gravner Limited.

Gravner Limited has advised the Company that its Associate is Mr Francisco Leiago.

(b) Increase in the Advisor's voting power in the Company resulting from the acquisition

As at the date of this Notice, the Advisor does not have a relevant interest in any Shares in the Company and does not have any voting power in the Company.

The Advisor is entitled to be issued up to a total of 37,000,000 Shares and 37,000,000 Options (to be issued in five tranches on achievement of the milestone events) under the Corporate Advisory Agreement. If the Advisor exercises all of the Options then it will be entitled to be issued with up to a further 37,000,000 Shares.

Assuming that Shareholder approval is obtained and each of the milestone events are achieved:

- (i) The Advisor may acquire under the Corporate Advisory Agreement a relevant interest in a maximum of 74,000,000 Shares (assuming all Options are exercised).

- (ii) The maximum extent of the increase in the Advisor's voting power in the Company that will result from the acquisition of the Securities is 49% on a fully diluted basis as set out in Table B and based on the relevant assumptions (being from an existing voting power of 0% to 49%).
- (iii) The voting power that the Advisor will have as a result of the acquisition is between 6% and 49%. Table B below shows the progressive increase in voting power on the achievement of each milestone event based on the undiluted and fully diluted Share capital of the Company.

As at the date of this Notice, the Advisor's Associate does not have a relevant interest in Shares in the Company and does not have any voting power in the Company.

Assuming that the Advisor's Associate does not acquire a relevant interest in the Shares of the Company before each of the milestone events are achieved:

- (i) The maximum extent of the increase in the voting power of the Advisor's Associate that would result from the acquisition is 0%.
- (ii) The voting power that the Associate will have as a result of the acquisition is 0%.

The effect of the acquisition of Shares and Options under the Corporate Advisory Agreement is summarised in the following table.

TABLE B
RELEVANT INTEREST OF ADVISOR ON ISSUE OF SECURITIES

| | Existing shareholders | Advisor | Total |
|-------------------------------------|----------------------------------|----------------|--------------|
| Current | | | |
| Shares | 61,559,104 | 0 | 61,559,104 |
| <i>% Undiluted shareholding</i> | <i>100%</i> | <i>0%</i> | |
| Options | 15,315,897 | 0 | 15,315,897 |
| Total diluted shares | 76,875,001 | 0 | 76,875,001 |
| <i>% Fully diluted shareholding</i> | <i>100%</i> | <i>0%</i> | |

| | Existing shareholders | Advisor | Total |
|-------------------------------------|----------------------------------|----------------|--------------|
| Tranche A | | | |
| Shares | 61,559,104 | 4,000,000 | 65,559,104 |
| <i>% Undiluted shareholding</i> | <i>94%</i> | <i>6%</i> | |
| Options | 15,315,897 | 4,000,000 | 19,315,897 |
| Total diluted shares | 76,875,001 | 8,000,000 | 84,875,001 |
| <i>% Fully diluted shareholding</i> | <i>91%</i> | <i>9%</i> | |
| Tranche B | | | |
| Shares | 61,559,104 | 10,000,000 | 71,559,104 |
| <i>% Undiluted shareholding</i> | <i>86%</i> | <i>14%</i> | |
| Options | 15,315,897 | 10,000,000 | 25,315,897 |
| Total diluted shares | 76,875,001 | 20,000,000 | 96,875,001 |
| <i>% Fully diluted shareholding</i> | <i>79%</i> | <i>21%</i> | |
| Tranche C | | | |
| Shares | 61,559,104 | 18,000,000 | 79,559,104 |
| <i>% Undiluted shareholding</i> | <i>77%</i> | <i>23%</i> | |
| Options | 15,315,897 | 18,000,000 | 33,315,897 |
| Total diluted shares | 76,875,001 | 36,000,000 | 112,875,001 |
| <i>% Fully diluted shareholding</i> | <i>68%</i> | <i>32%</i> | |
| Tranche D | | | |
| Shares | 61,559,104 | 27,000,000 | 88,559,104 |
| <i>% Undiluted shareholding</i> | <i>70%</i> | <i>30%</i> | |
| Options | 15,315,897 | 27,000,000 | 42,315,897 |
| Total diluted shares | 76,875,001 | 54,000,000 | 130,875,001 |
| <i>% Fully diluted shareholding</i> | <i>59%</i> | <i>41%</i> | |
| Tranche E | | | |
| Shares | 61,559,104 | 37,000,000 | 98,559,104 |
| <i>% Undiluted shareholding</i> | <i>62%</i> | <i>38%</i> | |
| Options | 15,315,897 | 37,000,000 | 52,315,897 |
| Total diluted shares | 76,875,001 | 74,000,000 | 150,875,001 |
| <i>% Fully diluted shareholding</i> | <i>51%</i> | <i>49%</i> | |

Notes to Table B:

1. The calculation of the Advisor's relevant interest based on the undiluted capital of the Company assumes that:
 - (a) None of the 15,315,897 Options on issue are exercised.
 - (b) The Advisor does not exercise any of the Options issued to it under the Corporate Advisory Agreement.
2. The calculation of the Advisor's relevant interest based on the fully diluted share capital of the Company assumes that:
 - (a) All of the 15,315,897 Options on issue are exercised.
 - (b) Options issued to the Advisor on each milestone event are immediately exercised. For example, if milestone event A is achieved, the Advisor will be entitled to 4,000,000 Shares and 4,000,000 Options. If the Options are immediately exercised, the Advisor will have a relevant interest in 8,000,000 Shares.
3. In the event that Non-Associated Shareholders do not exercise all of their Options but the Advisor exercises all of its Options, then the relevant interest of the Advisor will increase.
4. Table B assumes that none of the Shares and Options the subject of Resolutions 3, 4, 5, 6, 7 and 8 of this Meeting are issued. If any of these Shares or Options are issued and exercised then the Advisor's relevant interest (as a percentage of issued capital) will be reduced.
5. Table B assumes that the Advisor or its Associate do not separately acquire a relevant interest in Shares or Options at any time before the milestone events are achieved. It also assumes that the Advisor does not sell any of the Shares or Options issued before the subsequent milestone events are achieved (which would reduce the Advisor's relevant interest).

(c) Identity, associations and qualifications of proposed directors

It is not intended that any person associated with the Advisor will become a director of the Company if Shareholders agree to the acquisition the subject of this Resolution.

(d) Adviser's intentions regarding the future of the Company

The Advisor has informed the Company that, as at the date of this Explanatory Statement and on the basis of facts and information available to it, if Shareholders approve Resolution 1, the Advisor intends to support and assist the Company to grow by acquisition, whether in Australia or overseas. It also intends to keep the Company as a listed entity and to maintain an independent Board.

Other than as advised above (including the potential for the Company to acquire further complementary projects), the Advisor has advised the Company that it:

- (i) has no current intention of making any significant changes to the existing business of the Company;

- (ii) has no current intention to inject further capital into the Company;
- (iii) presently intends to continue the future employment of the Company's present employees in the ordinary course of business;
- (iv) does not presently intend for any property be transferred between the Company and itself or any person associated with it;
- (v) has no current intention to otherwise redeploy the fixed assets of the Company; and
- (vi) has no current intention to change the Company's existing financial or dividend policies.

(e) **The terms of the proposed acquisition and Corporate Advisory Agreement**

The terms of the proposed acquisition by the Advisor under the Corporate Advisory Agreement are summarised in paragraph 1.1 above.

(f) **Timing of the proposed acquisition**

The Shares and Options will be allotted and issued when the relevant milestone events are achieved as set out in Table A above.

(g) **Reasons for the allotment**

The Shares will be allotted and issued to the Advisor in payment of the securities fee under the Corporate Advisory Agreement.

(h) **Directors' interests and Recommendations**

The current Directors of the Company are Robert Grover (Executive Chairman), Joseph Obeid (Non-Executive Director) and Winton Willesee (Non-Executive Director/Company Secretary).

None of the Directors have a material personal interest in this Resolution. Each of the Directors approved the proposal to put the Resolution to Shareholders.

Each of the Directors recommends that Non-Associated Shareholders vote for this Resolution as they consider that the Corporate Advisory Agreement will benefit the Company and its Shareholders because:

- (i) the performance of the Advisor under the Corporate Advisory Agreement may result in an increase in share price as a result of the milestone events;
- (ii) the payment of the security fee to the Advisor is subject to the milestone events being satisfied. The nature of the milestone events is such that the Advisor's interests are aligned to the interests of Shareholders;

- (iii) the payment of the security fee will not negatively affect the cashflow of the Company;
- (iv) the Advisor will provide assistance to the Board through its industry knowledge and expertise.

No votes can be cast on this Resolution by the Advisor or its Associate.

(i) **Independent Expert Report as to whether the acquisition by Advisor is fair and reasonable**

The Directors of the Company have commissioned the Independent Expert to prepare a report on the question of whether the acquisition by the Advisor is fair and reasonable to the Shareholders not associated with the Advisor. That report is attached to this Explanatory Statement at Annexure 4.

The Independent Expert concludes that the acquisition by the Advisor is unfair but reasonable to the Non-Associated Shareholders of the Company. Shareholders are urged to read the Independent Expert's Report.

(j) **Impact on the Company if Shareholders do not approve the acquisition by the Advisor**

If Shareholder's do not approve the acquisition of Shares by the Advisor under the Corporate Advisory Agreement, the Corporate Advisory Agreement will be of no force and effect and the Company will not proceed with the appointment of the Advisor. The Company will lose the benefit of the Advisor's industry knowledge and expertise in advising and sourcing complementary projects.

2. RESOLUTION 2 - RATIFICATION OF PLACEMENT OF SHARES AND OPTIONS

During February 2008 the Company placed a total of 20,500,000 Shares issued at \$0.40 each together with a total of 5,125,000 free attaching Options to raise \$8,200,000 (the "Placement"). The funds raised from the Placement were used by the Company to acquire 2,200,000 shares in Greenvale Mining NL by the exercise of a call option and for general working capital. Greenvale Mining NL controls oil shale projects in Queensland. The investment by the Company in Greenvale Mining NL is consistent with its overall strategy.

At the Company's Annual General Meeting held on 28 November 2007, Shareholders approved the issue of up to 20 million Shares to raise funds for the Company to pursue complementary resource opportunities. Twenty million of the Shares issued under the Placement were issued pursuant to this approval.

ASX Listing Rule 7.1 provides, subject to certain exceptions, without shareholder approval, a listed company must not issue equity securities where the number of equity securities proposed to be issued represents more than 15% of the company's shares then on issue.

Listing Rule 7.4 provides that an issue of securities made without the approval under Listing Rule 7.1 is treated as having been made with approval if the issue of securities

did not breach Listing Rule 7.1 (that is, the issue was within the Company's 15% capacity) and Shareholders subsequently approve it.

The Company issued 500,000 Shares and 5,125,000 Options under the Placement within its 15% capacity under Listing Rule 7.1. The Company now seeks Shareholder approval to ratify this issue and refresh the 15% capacity.

Listing Rule 7.5 provides that for Shareholders to approve an issue subsequently, the notice of meeting must include particular information. This information is as follows:

- (a) The number of securities allotted is 500,000 Shares and 5,125,000 Options.
- (b) The Shares were issued at an issue price of \$0.40 each. The Options were issued for a nil issue price. The Options are free attaching on the basis of one Option for every four Shares allotted under the Placement.
- (c) The Shares are fully paid ordinary shares in the Company and rank equally with the Company's current issued Shares. The terms of the Options are set out in Annexure 2.
- (d) The allottees are investors eligible under section 708 of the Corporations Act.
- (e) The Shares and Options were issued under the Placement. The funds raised under the Placement were used to acquire shares in Greenvale Mining NL and for general working capital.

3. RESOLUTION 3 – APPROVAL TO ISSUE OPTIONS PURSUANT TO PLACEMENT

The Company appointed brokers to arrange the Placement. In consideration for this service the Company wishes to issue 5,125,000 Options to those brokers on the basis of one Option for every four Shares placed.

ASX Listing Rule 7.1 provides that a company must not, subject to certain exceptions, issue during any 12 month period any equity securities or other securities with rights of conversion to equity if the number of those securities exceeds 15% of the total ordinary securities on issue at the commencement of that 12 month period.

One circumstance where an issue is not taken into account in the calculation of this 15% threshold is where the issue has the prior approval of Shareholders in a general meeting.

The Company is seeking approval under Listing Rule 7.1 to issue 5,125,000 Options to the brokers that assisted with the Placement.

ASX Listing Rule 7.3 sets out the matters which must be included in the notice of meeting convened to seek shareholder approval under ASX Listing Rule 7.1.

For the purposes of ASX Listing Rule 7.3, the following information is provided to Shareholders in relation to Resolution 3.

- (a) The maximum number of Options to be issued by the Company is 5,125,000.

- (b) The Options will be issued and allotted no later than 3 months after the date of this Meeting (or a later date if permitted by ASX waiver).
- (c) The issue price of the Options is nil.
- (d) The allottee/s of the Options are brokers who arranged for placement of Shares and Options under the Placement.
- (e) The terms of the Options are set out in Appendix 2.
- (f) There will be no funds raised by the issue of the Options.

4. RESOLUTION 4 – APPROVAL TO ISSUE OPTIONS TO EMPLOYEES AND CONSULTANTS

The Company wishes to issue Options to employees and consultants as an incentive bonus payment for services provided to the Company. None of the employees or consultants are related parties to the Company.

ASX Listing Rule 7.1 provides that a company must not, subject to certain exceptions, issue during any 12 month period any equity securities or other securities with rights of conversion to equity if the number of those securities exceeds 15% of the total ordinary securities on issue at the commencement of that 12 month period.

One circumstance where an issue is not taken into account in the calculation of this 15% threshold is where the issue has the prior approval of Shareholders in a general meeting.

The Company is seeking approval under Listing Rule 7.1 to issue up to 10,000,000 Options to employees and consultants.

ASX Listing Rule 7.3 sets out the matters which must be included in the notice of meeting convened to seek shareholder approval under ASX Listing Rule 7.1.

For the purposes of ASX Listing Rule 7.3, the following information is provided to shareholders in relation to Resolution 4.

- (a) The maximum number of Options to be issued by the Company is 10,000,000.
- (b) The Options will be issued and allotted no later than 3 months after the date of this Meeting (or a later date if permitted by ASX waiver).
- (c) The issue price of the Options is nil.
- (d) The allottee/s of the Options are employees and consultants of the Company.
- (e) The terms of the Options are set out in Appendix 2.
- (f) There will be no funds raised by the issue of the Options.

5. RESOLUTION 5 – APPROVAL TO ISSUE SHARES

Resolution 5 seeks Shareholder approval for the issue of up to 30,000,000 Shares. To pursue complementary resource opportunities the Company seeks to have the flexibility to issue these Shares.

ASX Listing Rule 7.1 provides that a company must not, subject to certain exceptions, issue during any 12 month period any equity securities or other securities with rights of conversion to equity if the number of those securities exceeds 15% of the total ordinary securities on issue at the commencement of that 12 month period.

One circumstance where an issue is not taken into account in the calculation of this 15% threshold is where the issue has the prior approval of Shareholders in a general meeting.

The Company is seeking approval under ASX Listing Rule 7.1 to be able to issue up to 30,000,000 Shares.

ASX Listing Rule 7.3 sets out the matters which must be included in the notice of meeting convened to seek shareholder approval under ASX Listing Rule 7.1.

For the purposes of ASX Listing Rule 7.3, the following information is provided to shareholders in relation to Resolution 5.

- (a) The maximum number of securities to be issued is 30,000,000 Shares.
- (b) The Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules).
- (c) The Shares will be issued at a price that is at least 80% of the average market price of Shares calculated over the last 5 days on which sales of the Shares were recorded before the day on which the issue is made, or, if there is a Prospectus relating to the issue, over the 5 days on which sales of Shares are recorded before the date of the prospectus.
- (d) The names of the proposed allottees are not known and the quantity of the Shares to be issued to each allottee is not known. The Company intends (but without limitation) to issue the Shares to institutional, sophisticated and professional investors who are exempt from the disclosure requirements of the Chapter 6D of the Corporations Act. The Shares will not be issued to Directors or other related parties.
- (e) The Shares issued will be fully paid ordinary shares in the Company and will rank equally with the Company's current issued Shares.
- (f) The Company intends to use the funds raised from the issue of the Shares for working capital and to pursue complementary resource opportunities that the Board considers has the potential to add value to Shareholders.
- (g) It is intended that the Shares will be allotted on one date.

6. RESOLUTIONS 6, 7 AND 8 – APPROVAL TO GRANT OPTIONS TO ROBERT GROVER, JOSEPH OBEID AND WINTON WILLESEE

Resolutions 6, 7 and 8 seek Shareholder approval for the grant of up to 2,000,000 Options to each of Mr Robert Grover (or his nominee), Mr Joseph Obeid (or his nominee) and Mr Winton Willesee (or his nominee). Mr Grover is the Executive Chairman of the Company. Mr Obeid and Mr Willesee are non-executive Directors of the Company.

Shareholder approval is required for the purposes of Chapter 2E of the Corporations Act (Section 208) and ASX Listing Rule 10.11 because Messrs Grover, Obeid and Willesee as Directors are each a related party of the Company.

6.1 Chapter 2E of the Corporations Act - Related Party Transaction

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit to the related party.

For the purposes of Chapter 2E, each of Messrs Grover, Obeid and Willesee as a Director is a related party of the Company.

Resolutions 6, 7 and 8 provide for the grant of Options to a related party, which is a financial benefit requiring Shareholder approval in the absence of a specified exception applying.

6.2 Information provided for the purposes of Chapter 2E

(a) The Related Party to Whom the Proposed Resolution would Permit the Financial Benefit to be Given

The related parties are Mr Robert Grover or his nominee (by Resolution 6), Mr Joseph Obeid or his nominee (by Resolution 7) and Mr Winton Willesee or his nominee (by Resolution 8).

(b) The Nature of the Financial Benefit

The proposed financial benefit to be given is the grant of up to 2,000,000 Options to each of Messrs Grover, Obeid and Willesee or their nominees.

The terms of the Options proposed to be granted to Messrs Grover, Obeid and Willesee or their nominees are set out in Annexure 3.

The Options will be granted within one month of the date of the Meeting.

(c) **Directors Recommendation and Basis of Financial Benefit**

The Board currently consists of Mr Robert Grover (executive Chairman), Mr Joseph Obeid (non-executive Director) and Mr Winton Willesee (non-executive Director).

By Resolutions 6, 7 and 8 Options are proposed to be granted to each of the current Directors. In each case the number of Options to be granted to the respective Director and the terms of the Options was negotiated by the Directors independent of that particular Director (being all the other Directors).

The purpose of the Options is to give each of Messrs Grover, Obeid and Willesee incentive to provide dedicated ongoing commitment and effort to the Company and further align their interests with that of Shareholders. The independent Directors in each case consider the particular number and terms of the Options to be granted respectively to each of Messrs Grover, Obeid and Willesee to constitute an appropriate number to adequately incentivise each of them in light of their skill, experience and reputation and when considered together with their other remuneration as Directors (as detailed below). The independent Directors in each case thereby recommend that Shareholders vote in favour of the Resolutions.

Mr Grover abstains from making a recommendation to Shareholders as to Resolution 6 as he has a material personal interest in the outcome of Resolution 6 being the recipient of the Options.

Mr Obeid abstains from making a recommendation to Shareholders as to Resolution 7 as he has a material personal interest in the outcome of Resolution 7 being the recipient of the Options.

Mr Willesee abstains from making a recommendation to Shareholders as to Resolution 8 as he has a material personal interest in the outcome of Resolution 8 being the recipient of the Options.

(d) **Dilution**

The passing of the Resolutions 6, 7 and 8 would have the effect of granting Messrs Grover, Obeid and Willesee (or their nominees) Options on the terms and conditions as set out Annexure 3.

If any Options granted as proposed above are exercised the effect would be to dilute the shareholding of existing Shareholders. The market price of the Company's Shares during the period of the Options will normally determine whether or not option holders exercise the Options. At the time any Options are exercised and Shares are issued pursuant to the exercise of the Options, the Company's Shares may be valued at a price that is higher than the exercise price of the Options.

If all of the 6,000,000 Options that may be issued in total under Resolutions 6, 7 and 8 were exercised, the effect would be to dilute the shareholding of

existing Shareholders by approximately 9% based on the current number of Shares of 61,559,104 (undiluted).

(e) **Total Remuneration Package of Messrs Grover, Obeid and Willesee**

The remuneration received by Mr Robert Grover is \$1,000 per day inclusive of statutory superannuation. Additionally, Mr Grover is entitled to be reimbursed for reasonable expenses in providing his services.

The remuneration received by Mr Joseph Obeid consists of \$30,000 per annum director's fee plus a fee of \$500 per day for additional services as required. Additionally, Mr Obeid is entitled to be reimbursed for reasonable expenses in providing his services.

The remuneration received by Mr Winton Willesee consists of \$30,000 per annum director's fee plus \$6,000 per month company secretary fees. Additionally a company associated with Mr Willesee provides office services to the Company and is paid a fee of \$2,500 per month for such services. Additionally, Mr Willesee is entitled to be reimbursed for reasonable expenses in providing his services.

(f) **Existing Relevant Interest**

Mr Grover and his Associates currently have a relevant interest in 5,000,001 Shares and 1,250,000 Options.

Mr Obeid and his Associates currently have a relevant interest in 5,000,000 Shares and 1,250,000 Options.

Mr Willesee and his Associates currently have a relevant interest in 1,000,000 Shares and 250,000 Options.

(g) **Trading History**

The following table gives details of the highest, lowest and the latest closing price of the Company's Shares trading on the ASX over the last 12 months.

| | Date | Closing Price |
|---------------|--------------------------|----------------------|
| Highest Price | 16 & 22 November 2007 | 60 cents |
| Lowest Price | 16 August 2007 | 23 cents |
| Latest Price | 27 March 2008 | 40 cents |

(h) **Valuation of Options**

The Company's independent advisers, RSM Bird Cameron Corporate Pty Ltd, have valued the Options to be granted to Messrs Grover, Obeid and Willesee or

their nominees by reference to the closing price of the Options as at 7 March 2008.

The Options to be granted to the Directors will be in the same class as Options currently quoted and trading on ASX. Although there are various methodologies for valuing options, the Company considers that the most appropriate indicator of value of the Options is the trading price of the Options on ASX (quoted market price basis).

Using the closing market price basis, the closing price of the Options on ASX was 20 cents on 7 March 2008. The highest and lowest price of the Options since their commencement of trading was 28 cents on 13 December 2007 and 10 cents on 22 January 2008. The value of the Options to be issued to the Directors is set out in the table below.

| | Number of Options | Value per Option (cents) |
|-------------|--------------------------|---------------------------------|
| Mr Grover | 2,000,000 | 20 |
| Mr Obeid | 2,000,000 | 20 |
| Mr Willesee | 2,000,000 | 20 |

(i) **Other Information**

The Directors are not aware of any other information that is reasonably required by Shareholders to allow them to make a decision as to whether it is in the best interests of the Company to pass Resolutions 6, 7 and 8.

6.3 ASX Listing Rule 10.11

For the purposes of ASX Listing Rule 10.11, each of Messrs Grover, Obeid and Willesee is a related party of the Company.

Accordingly, in order to grant the Options to Messrs Grover, Obeid and Willesee (or their nominees), the Company must obtain Shareholder approval pursuant to ASX Listing Rule 10.11.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to grant the Options as approval is being obtained under ASX Listing Rule 10.11. Shareholders should note that the grant of the Options will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

ASX Listing Rule 10.13 sets out a number of matters which must be included in the notice of meeting convened to consider shareholder approval under ASX Listing Rule 10.11.

For the purposes of ASX Listing Rule 10.13, the following information is provided to Shareholders in relation to the Resolutions 6, 7 and 8. This information is as follows:

- (a) The Options will be granted to Messrs Grover, Obeid and Willesee or their nominees.

- (b) The number of Options the Company will grant is up to 2,000,000 Options to Mr Grover or his nominee, up to 2,000,000 Options to Mr Obeid or his nominee and up to 2,000,000 Options to Mr Willesee or his nominee.
- (c) The Options will be issued no later than one month after the date of this Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules).
- (d) The Options will be granted for nil cash consideration. The terms of the Options are set out at Annexure 3.
- (e) There will be no funds raised from the issue of the Options to Messrs Grover, Obeid and Willesee (or their nominees).

The purpose of the grant of Options to Messrs Grover, Obeid and Willesee is to give them an incentive to provide dedicated and ongoing commitment and effort to the Company. The Company acknowledges the issue of the Options to Messrs Obeid and Willesee as non-executive Directors is contrary to guidelines for non-executive remuneration in recommendation 8.2 of the ASX Corporate Governance Principles and Recommendations. However, the Board considers the grant of the Options to be reasonable in the circumstances given the Company's size and stage of development and the necessity to attract and retain the highest calibre of professionals to the role of non-executive director whilst maintaining the Company's cash reserves.

BOSS ENERGY LIMITED
ABN 38 116 834 336

GLOSSARY

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

"Advisor" means Gravner Limited appointed under the Corporate Advisory Agreement.

"Associate" has the meaning given to it by Division 2 of Part 1.2 of the Corporations Act.

"ASX" means the ASX Limited (ACN 008 624 691).

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

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

"Chairman" means the chairman of the Company.

"Company" or **"Boss Energy"** means Boss Energy Limited (ABN 38 116 834 336).

"Constitution" means the Constitution of the Company.

"Corporate Advisory Agreement" means the corporate advisory agreement dated 19 December 2007 between the Advisor and 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.

"Independent Expert" means VMC Global Pty Ltd (ABN 65 097 893 957).

"Meeting" means the meeting convened by this Notice.

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

"Non-Associated Shareholders" means a Shareholder who is not receiving any benefit under, and is not an Associate of any person or entity receiving a benefit under, a relevant Resolution set out in the Notice.

"Option" means an option to subscribe for a Share.

"Placement" means the issue of a total of 20,500,000 Shares at \$0.40 each on 7 February 2008 and 26 February 2008 together with 5,125,000 free attaching Options to raise \$8,200,000.

"Resolution" means a resolution referred to in the Notice.

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

"Shareholder" means a registered holder of Shares in the Company.

"Securities" means Shares and Options.

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

"\$" means Australian dollars unless otherwise stated.

ANNEXURE 1

TERMS AND CONDITIONS OF ADVISOR OPTIONS – RESOLUTION 1

The terms and conditions of the Options are as follows:

1. Each Option entitles the holder to one Share.
2. Where the Options are issued:
 - (a) Prior to 30 November 2010, the Options are exercisable at any time prior to 5.00 pm Western Standard Time on 30 November 2010; or
 - (b) After 30 November 2010, the Options are exercisable at any time prior to 5.00 pm Western Standard Time on the date that is three years from the date of issue or such other date as agreed between the parties,

(in each case the "**Expiry Date**").
3. The exercise price of the Options is equal to the volume weighted average price of the Shares for the three (3) consecutive Trading Days immediately prior to the date of issue of the Options.
4. The Options are freely transferable.
5. The Company will provide to each Option holder a notice that is to be completed when exercising the Options ("**Notice of Exercise**"). The Options may be exercised wholly or in part by completing the Notice of Exercise and delivering it together with payment to the secretary of the Company to be received any time prior to the Expiry Date.
6. Upon the exercise of an Option and receipt of all relevant documents and payment, the holder will be allotted and issued a Share ranking equally with the then issued Shares. The Company will apply to the ASX within seven (7) business days of the date of issue of Shares pursuant to the exercise of Options to be admitted to quotation.
7. There will be no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. Thereby, the Option holder has no right to a change in the exercise price of the Option or a change to the number of underlying securities over which the Option can be exercised except in the event of a bonus issue. 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 Option holders the opportunity (where available) to exercise their Options prior to the date for determining entitlements to participate in any such issue.
8. If there is a bonus issue ("**Bonus Issue**") to Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue ("**Bonus Shares**"). The Bonus Shares must be paid up by the

Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue, and upon issue will rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.

9. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of an Option holder are to be changed in a manner consistent with the Listing Rules.

ANNEXURE 2

TERMS AND CONDITIONS OF OPTIONS – RESOLUTIONS 2, 3 AND 4

The terms and conditions of the Options are as follows:

- (a) Each Option entitles the holder to one (1) Share.
- (b) The Options are exercisable at any time prior to 5.00pm WST on 30 November 2010 (the Expiry Date).
- (c) The exercise price of the Options is twenty (20) cents per Option.
- (d) The Options are freely transferable.
- (e) The Company will provide to each Option holder a notice that is to be completed when exercising the Options (Notice of Exercise). The Options may be exercised wholly or in part by completing the Notice of Exercise and delivering it together with payment to the secretary of the Company to be received any time prior to the Expiry Date.
- (f) Upon the exercise of an Option and receipt of all relevant documents and payment, the holder will be allotted and issued a Share ranking equally with the then issued Shares. The Company will apply to the ASX within seven (7) business days of the date of issue of Shares pursuant to the exercise of Options to be admitted to quotation.
- (g) There will be no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. Thereby, the Option holder has no right to a change in the exercise price of the Option or a change to the number of underlying securities over which the Option can be exercised except in the event of a bonus issue. The Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least seven (7) business days after the issue is announced. This will give Option holders the opportunity (where available) to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (h) If there is a bonus issue (Bonus Issue) to Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue (Bonus Shares). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue, and upon issue will rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.
- (i) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of an Option holder are to be changed in a manner consistent with the Listing Rules.

ANNEXURE 3

TERMS AND CONDITIONS OF DIRECTOR OPTIONS – RESOLUTIONS 6, 7 AND 8

The material terms and conditions of the Options are as follows:

- (a) Each Option entitles the holder to one (1) Share.
- (b) The Options are exercisable at any time prior to 5.00pm WST on 30 November 2010 (the Expiry Date).
- (c) The exercise price of the Options is twenty (20) cents per Option.
- (d) The Options are freely transferable.
- (e) The Company will provide to each Option holder a notice that is to be completed when exercising the Options (Notice of Exercise). The Options may be exercised wholly or in part by completing the Notice of Exercise and delivering it together with payment to the secretary of the Company to be received any time prior to the Expiry Date.
- (f) Upon the exercise of an Option and receipt of all relevant documents and payment, the holder will be allotted and issued a Share ranking equally with the then issued Shares. The Company will apply to the ASX within seven (7) business days of the date of issue of Shares pursuant to the exercise of Options to be admitted to quotation.
- (g) There will be no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. Thereby, the Option holder has no right to a change in the exercise price of the Option or a change to the number of underlying securities over which the Option can be exercised except in the event of a bonus issue. The Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least seven (7) business days after the issue is announced. This will give Option holders the opportunity (where available) to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (h) If there is a bonus issue (Bonus Issue) to Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue (Bonus Shares). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue, and upon issue will rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.
- (i) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry

Date, all rights of an Option holder are to be changed in a manner consistent with the Listing Rules.

**ANNEXURE 4
INDEPENDENT EXPERTS REPORT**



6 March 2008

The Directors
Boss Energy Limited
Suite 24, 18 Stirling Highway
NEDLANDS WA 6009

Dear Sirs,

RE: INDEPENDENT EXPERT'S REPORT AND FINANCIAL SERVICES GUIDE

1. INTRODUCTION

The directors of Boss Energy Limited (**Boss Energy** or **the Company**) have engaged VMC Global Pty Limited (**VMC Global**) to prepare an Independent Expert's Report in relation to the Proposed Agreement between Boss Energy and Gravner Limited (**Gravner**), a corporate advisory firm incorporated in the United Arab Emirates (**Proposed Agreement**).

Consideration for the services provided by Gravner is expected to involve the issue of new shares and the granting of options in Boss Energy to Gravner. Consequently, the approval of Boss Energy shareholders is required for the purpose of item 7 of section 611 of the Corporations Act.

Our Report has been prepared solely for the purpose of assisting shareholders of Boss Energy in considering whether or not the Proposed Agreement, including all consequential issues of shares and options in Boss Energy, is fair and reasonable to them.

We note that our Report will be included in an Explanatory Memorandum which will accompany a Notice of General Meeting to be sent to Boss Energy shareholders in connection with obtaining approval of the Proposed Agreement.

2. Summary of Opinion

2.1 Evaluation of Proposed Agreement

In our opinion, the Proposed Agreement is **unfair but reasonable** to the shareholders of Boss Energy.

VALUATION & LITIGATION SUPPORT - MERGERS & ACQUISITIONS - CAPITAL RAISINGS

VMC Global Pty Ltd
ABN 65 097 893 957
AFS Licence 295 872

Level 4
6 O'Connell Street
Sydney NSW 2000

PO Box R1866
Royal Exchange
NSW 1225

T +61 2 9247 5238
F +61 2 9247 4711
www.vmcglobal.com.au

Liability limited by a scheme
approved under Professional
Standards Legislation

Our principle reasons for reaching the above opinion are:

Assessment of fairness of the proposed agreement

It is estimated that the total consideration payable to Gravner, subject to the achievement of the milestone conditions contained in the Proposed Agreement, will be more than the increase in value achieved by existing shareholders of Boss Energy Limited on a fully diluted basis. As a result, we consider that the Proposed Agreement is unfair to the shareholders of Boss Energy.

Assessment of reasonableness of the proposed agreement

We have assessed that the advantages of the Proposed Agreement to the shareholders outweigh the disadvantages. A summary of the advantages and disadvantages identified is as follows:

Advantages

- Performance under the Proposed Agreement by Gravner may result in a potential increase in share price as a result of the milestone conditions contained in the Proposed Agreement.
- The payment of Gravner's Security Fee is subject to a number of milestones being achieved. The nature of these milestones is such that the interests of Gravner will be aligned with the interests of existing shareholders, i.e. to increase the market capitalisation and thus (assuming no further issues of shares or options, except to the extent which they are value accretive), the share price of Boss Energy Shares.
- The Security Fee consideration payable to Gravner for corporate advisory services will not negatively affect the cash flows of the Company.
- Extensive industry knowledge and management expertise will be provided to the Board and management of the Company by Gravner under the Proposed Agreement.

Disadvantages

- The Proposed Agreement could result in Gravner acquiring a voting interest of up to 49% and obtaining significant influence over the Company. Should the voting interests of Gravner exceed 50%, Gravner will have the ability to pass general resolutions at shareholders meetings. Gravner's shareholdings could exceed 50% through a number of ways including the acquisition of Boss Energy shares by Gravner on the Australian Securities Exchange (ASX), subject to the takeover provisions, or through other placements undertaken by Boss Energy.
- The Proposed Agreement could result in the existing shareholders experiencing a significant dilution of their shareholdings in the Company from 100% to approximately 62% or 51% on a fully diluted basis. This could also result in a dilution of net assets per share.

- The Proposed Agreement is likely to adversely affect the market liquidity of Boss Energy shares given the significant number of shares and options which could be issued to Gravner under the Agreement.

On balance, in our opinion, the advantages of introducing an experienced advisor into the Company, exceed the disadvantages as this would likely result in shareholders being more advantaged than disadvantaged in the medium to long term.

2.2 General Advice

In forming our opinion, we have considered the interest of the existing shareholders of Boss Energy as a whole. This advice therefore does not consider the financial situation, objectives or need of the individual shareholders. It is neither practical nor possible to assess the implication of the Proposed Agreement on individual shareholders as their financial circumstances are unknown.

The decision of the shareholders of Boss Energy as to whether or not to accept the Proposed Agreement is a matter for each individual based on, amongst other things, their risk profile, liquidity preference, investment strategy and tax position. The individual shareholders should therefore consider the appropriateness of our opinion before acting on it.

As an individual shareholders' decision to approve the Proposed Agreement may be influenced by his or her particular circumstances, we recommend that individual shareholders consult their financial adviser.

2.3 Others

Our opinion has been based solely on information made available to us up to the date of this Report as set out in Appendix 2. We have not undertaken to update our Report for events or circumstances arising after the date of this Report.

The above opinion should be considered in conjunction with, and not independently of, the information set out in the remainder of this Report including the appendices.

Yours faithfully,



Manda Trautwein
Director
VMC Global Pty Ltd

Independent Expert's Report and Financial Services Guide

TABLE OF CONTENTS

| | |
|---|-----------|
| FINANCIAL SERVICES GUIDE | 5 |
| 1. THE PROPOSED AGREEMENT | 8 |
| 1.1 Key Terms of the Proposed Agreement..... | 8 |
| 1.2 Conditions Precedent to the Proposed Agreement | 10 |
| 2. SCOPE OF THIS REPORT | 11 |
| 2.1 Purpose of this Report | 11 |
| 2.2 Basis of Assessment | 11 |
| 2.3 Factors Considered in Determining Our Opinion..... | 11 |
| 2.4 Sources of Information | 12 |
| 2.5 Valuation Approach Adopted | 12 |
| 3. INDUSTRY OVERVIEW | 15 |
| 4. PROFILE OF BOSS ENERGY LIMITED | 18 |
| 4.1 Background..... | 18 |
| 4.2 Business Overview | 19 |
| 4.3 Historical Balance Sheets | 19 |
| 4.4 Historical Income Statements | 21 |
| 4.5 Capital Structure | 21 |
| 4.6 Share Trading History..... | 24 |
| 5. PROFILE OF GRAVNER LIMITED | 25 |
| 6. EVALUATION OF THE PROPOSED AGREEMENT | 27 |
| 6.1 Basis of Evaluation | 27 |
| 6.2 Assessment of the Fairness of the Proposed Agreement | 27 |
| 6.3 Assessment on the Reasonableness of the Proposed Agreement..... | 32 |
| 6.4 Conclusion | 34 |
| APPENDIX 1 – QUALIFICATIONS AND DECLARATIONS | 35 |
| APPENDIX 2 – SOURCES OF INFORMATION | 36 |
| APPENDIX 3 – SHARE VALUATION METHODOLOGIES..... | 37 |

FINANCIAL SERVICES GUIDE

6 March 2008

VMC Global Pty Ltd ABN 65 097 893 957 ("VMC Global" or "we" or "us" or "our" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Service Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of general financial product advice and to ensure that we comply with our obligations as financial services licensees.

The FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services License (License No: 295 872);
- remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence, which authorises us to provide financial product advice in relation to:

- deposit and payment products limited to:
 - basic deposit products;
 - deposit products other than basic deposit products;
- debentures, stocks or bonds issued or proposed to be issued by a government;
- interests in managed investment schemes excluding investor directed portfolio services; and
- securities.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General financial product advice

In our report we provide general financial product advice, not personal financial advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither VMC Global, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

From time to time VMC Global may provide professional services including financial advisory services to financial product issuers in the ordinary course of its business.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, VMC Global Pty Limited, PO Box R1866, Royal Exchange NSW 1225.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not

more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Proposed Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Industry Complaints Service Limited (“FICS”). FICS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry.

Further details about FICS are available at the FICS website www.fics.asn.au or by contacting them directly at: Financial Industry Complaints Service Limited, PO Box 579, Collins Street West, Melbourne VIC 8007 or toll free: 1300 780 808 or by facsimile: (03) 9621 2291.

Contact details

You may contact us at Level 4, 6 O’Connell Street, Sydney, NSW 2000 or by telephone on (02) 9235 3444.

1. THE PROPOSED AGREEMENT

1.1 Key Terms of the Proposed Agreement

On 19 December 2007 Boss Energy announced that it has entered into an agreement with Gravner, a corporate advisory company incorporated in the United Arab Emirates, for advisory services to be provided to Boss Energy outside of Australia.

The Agreement provides that if shareholder approval is not obtained at a General Meeting of Boss Energy Shareholders, it will be automatically terminated.

The advisory services to be provided by Gravner include:

- Promoting and assisting Boss Energy in developing and implementing its corporate strategy and the development of its projects (**Projects**);
- Sourcing and advising Boss Energy on projects that are complementary to the Company's corporate strategy and its other projects (**Complementary Projects**); and
- Providing corporate advice on acquisitions, sales and divestments, takeovers and mergers, joint venture or strategic alliances or other corporate transactions to enhance shareholder value (**Corporate Transactions**).

In order to facilitate the above, Gravner will, amongst other things, engage in the following activities:

- Provide advice in relation to appropriate corporate and exploration/development strategies;
- Provide advice on developing the resource base of the Company;
- Identify key investors and institutions for capital raisings;
- Provide general assistance in relation to broker/investor presentations;
- Provide general advice on board structuring and key management appointments;
- Provide general assistance in negotiation of the terms of Corporate Transactions;
- Assist the Board to make specific recommendations regarding the acquisition or divestment of Projects and the acquisition of Complementary Projects;
- Assist in co-ordinating and managing the marketing activities of the Company;
- Assist in co-ordinating other professional advisers involved in Corporate Transactions including lawyers, accountants and business advisers;
- Develop timetables for Corporate Transactions; and
- Attend Corporate Transaction meetings where required.

Independent Expert's Report and Financial Services Guide

The Proposed Agreement comprises an initial term of 36 months from the date of shareholder approval which may be renewed for a further one year at the end of the initial term.

Consideration for the services to be provided will comprise a combination of cash and securities as follows:

- Cash retainer fees of:
 - \$20,000 per month for the first 12 months from the commencement date; and thereafter
 - \$30,000 per month for the next 12 months of the initial period; and thereafter
 - \$40,000 per month for the duration of the term of the Proposed Agreement;
- Capital raising fees of 5% of the proceeds of any capital raisings undertaken by or with the assistance or involvement of Gravner during the term of the Proposed Agreement in the form of cash;
- Success fees of 5% on the equity value of any takeover transactions as defined under the Proposed Agreement in the form of cash or scrip; and
- Securities fees (**Securities Fees**) in the form of ordinary shares and options in Boss Energy to be issued in five tranches upon the achievement of specific events during the term of the Proposed Agreement as set out in the following table.

Table 1 – Scrip Payment by Tranche

| Tranche | Number of Securities | Event |
|---------|---|---|
| A | 4,000,000 ordinary shares and 4,000,000 options | The average market capitalisation of Boss Energy is more than \$20 million for more than three consecutive trading days. |
| B | 6,000,000 ordinary shares and 6,000,000 options | The average market capitalisation of Boss Energy is more than \$50 million for more than three consecutive trading days. |
| C | 8,000,000 ordinary shares and 8,000,000 options | The average market capitalisation of Boss Energy is more than \$75 million for more than three consecutive trading days. |
| D | 9,000,000 ordinary shares and 9,000,000 options | The average market capitalisation of Boss Energy is more than \$100 million for more than three consecutive trading days. |
| E | 10,000,000 ordinary shares and 10,000,000 options | The average market capitalisation of Boss Energy is more than \$125 million for more than three consecutive trading days. |

Source: Proposed Agreement

The ordinary shares to be issued will be credited as fully paid and will rank equally in all respects with the existing ordinary shares in Boss Energy.

The key terms and conditions of the options include:

- Each option entitles the holder to one ordinary share in Boss Energy;
- The options will not be quoted and are not transferable without approval by the Board of Boss Energy;
- Options granted prior to 30 November 2010 are exercisable at any time prior to 5:00pm Western Standard Time on 30 November 2010;
- Options granted after 30 November 2010 are exercisable at any time prior to 5:00pm Western Standard Time on the date that is three years from the date of grant;
- If the grant of options requires shareholder approval under the ASX Listing Rules, the options will be granted on one date but will vest over the five tranches set out in Table 1. The exercise price of the options will be equal to the volume weighted average share price over the three trading days used to determine the achievement of each event;
- If the grant of options does not require shareholder approval under the ASX Listing Rules, the exercise price of the options will be equal to the volume weighted average share price over the three trading days immediately prior to the date of grant of the options.

1.2 Conditions Precedent to the Proposed Agreement

The Proposed Agreement as set out above does not become binding and is of no force or effect unless and until a resolution has been passed by shareholders under item 7 in section 611 of the Corporations Act 2001 and all other applicable laws and regulatory requirements have been satisfied.

If shareholder approval is not obtained, the Proposed Agreement will be automatically terminated and there will be no further effect and no party to the Proposed Agreement will be liable to any other party.

2. SCOPE OF THIS REPORT

2.1 Purpose of this Report

This Report has been prepared solely for the purpose of assisting the shareholders of Boss Energy in considering whether to approve the Proposed Agreement with Gravner. This Report has not been prepared to provide information to parties considering the purchase or sale of any equity or other securities in Boss Energy. Accordingly we do not assume any responsibility or liability for any losses suffered as a result of the use of this Report contrary to the provisions of this paragraph.

This Report will be included in an Explanatory Memorandum which will accompany a Notice of General Meeting, to be sent to shareholders of Boss Energy to assist them in voting in relation to the Proposed Agreement at a General Meeting.

2.2 Basis of Assessment

As there is no legal definition of the expression "fair and reasonable" in either the ASX Listing Rules or the Corporations Act 2001, we have considered guidance provided by ASIC Regulatory Guides in assessing whether the Proposed Agreement is fair and reasonable from the perspective of the shareholders of Boss Energy.

ASIC Regulatory Guide 111 states that "fair and reasonable" should not be regarded as a compound phrase. An offer is "fair if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer". This comparison should be made assuming 100% ownership of the 'target' and irrespective of whether the consideration is scrip or cash.

An offer is 'reasonable' if it is fair. It might also be 'reasonable' if, despite not being 'fair', the expert believes that there are sufficient reasons for shareholders to accept the offer in the absence of any higher bid before the close of the offer.

2.3 Factors Considered in Determining Our Opinion

In our opinion, the most appropriate basis on which to evaluate the Proposed Agreement is to assess the likely overall impact on the shareholders of Boss Energy and to form a judgement as to whether the expected benefits outweigh any disadvantages and risks which might result for them.

In forming our opinion as to whether the Proposed Agreement is fair and reasonable to the shareholders of Boss Energy, we have considered the following issues:

- Comparison of the incremental shareholder value created as a result of the achievement of specific events under the Agreement and the consideration to be paid upon the achievement of these events under the Proposed Agreement;
- The likely impact of the Proposed Agreement on shareholding control and dilution of the existing issued shares in Boss Energy;
- The likely impact of the Proposed Agreement on the market capitalisation and liquidity of Boss Energy's shares;

- The likely impact of the Proposed Agreement on the future growth of Boss Energy;
- The impact of the recent acquisition of Greenvale Mining which was introduced by Gravner on the market capitalisation of Boss Energy;
- Any other advantages and benefits arising out of the Proposed Agreement; and
- Any other disadvantages and risks arising out of the Proposed Agreement.

2.4 Sources of Information

In preparing this Report and arriving at our opinion, we have considered the information detailed in Appendix 2 of this Report.

We note that an important part of the information base used in forming an opinion of the kind detailed above, is the opinions and judgements of management. This type of information has been evaluated through analysis, enquiry and review to the extent practical. Such information is however, often not capable of external verification or validation.

The statements and opinions expressed in this Report are made in good faith and have been based on information available as at the date of this Report. On completion of our review, as outlined in the paragraph above, we believe the information to be reliable, accurate, and prepared by Boss Energy and/or Gravner (as the case may be) on a reasonable basis. We have relied upon information set out in Appendix 2 and have no reason to believe that any material factors have been withheld from us. We have not performed anything in the nature of an audit or financial due diligence on the information provided for this opinion. No warranty of accuracy or reliability is given by VMC Global or its affiliated companies and their respective officers and employees in relation to this information.

The opinions of VMC Global are based on prevailing market, economic and other conditions at the date of the Report. Conditions can change over relatively short periods of time. Any subsequent changes in these conditions could impact upon our opinion.

2.5 Valuation Approach Adopted

ASIC Regulatory Guide 111 outlines a number of valuation methodologies which an expert should consider as follows:

- The discounted cash flow (DCF) method and the estimated realisable value of any surplus assets;
- The application of earnings multiples appropriate to the businesses or industries in which the entity operates, to the estimated future maintainable earnings or cash flows of the company, added to the estimated realisable value of any surplus assets;
- The amount that would be available for distribution to shareholders on an orderly realisation of assets;

Independent Expert's Report and Financial Services Guide

- The quoted price for listed securities, when there is a liquid and active market and allowing for the fact that the quoted price does not reflect their value, should 100% of the securities be available for sale; and
- Any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.

As Boss Energy is a publicly listed company trading on the ASX and the Security Fees forming part of the consideration is linked to the market performance of the Company's shares, we consider its quoted price to be a reasonable basis on which to determine the fairness of the Proposed Agreement. Furthermore, negative earnings and the absence of long term forecasts prevent the application of the DCF and earnings multiple valuation approaches.

The application of the quoted price of the company's securities is an appropriate basis where:

- The shares trade in an efficient market where willing buyers and sellers readily trade the company's shares; and
- The market for the company's shares is active and liquid.

In order to assess the appropriateness of using the quoted price of Boss Energy's shares as a basis for determining its fair market value, we have reviewed the trading activity of Boss Energy's shares from the date of listing to the date prior to the announcement of the Proposed Agreement as summarised in the following table.

Table 2 – Trading Activity Summary for 25 July 2007 to 18 December 2007

| Month | High Price (\$) | Low Price (\$) | Total Volume (Units) |
|----------------------------|--------------------|-------------------|-------------------------|
| July 2007 ¹ | 0.40 | 0.32 | 2,132,027 |
| August 2007 | 0.33 | 0.23 | 1,627,684 |
| September 2007 | 0.29 | 0.25 | 888,899 |
| October 2007 | 0.35 | 0.25 | 1,608,882 |
| November 2007 | 0.60 | 0.35 | 1,516,447 |
| December 2007 ² | 0.50 | 0.42 | 228,670 |

Source: Aspect Huntleys

Notes:

¹ Trading data includes trades from 25 July 2007 to 31 July 2007.

² Trading data includes trades from 3 December 2007 to 18 December 2007.

Boss Energy's closing share price on 18 December 2007 was \$0.50. The share price has traded between \$0.23 and \$0.60 from its first trading date of 25 July 2007 to 18 December 2007. The following factors indicate a relatively high activity and liquidity level in Boss Energy's shares:

- The total traded volume of Boss Energy's shares from the date of listing to 18 December 2007 represented 43.14% of the total outstanding shares not under escrow; and

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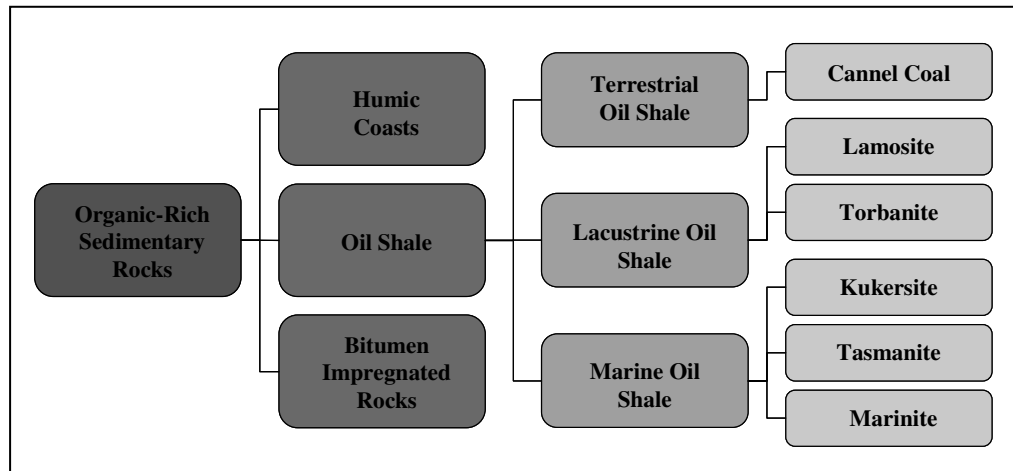
- Boss Energy's shares traded 86 days out of a total 105 trading days or approximately 82% of the total trading days from the date of its listing to 18 December 2007.

3. INDUSTRY OVERVIEW

Oil shale refers to fine-grained sedimentary rocks containing relatively large amounts of organic matter known as kerogen from which significant amounts of shale oil and combustible gas can be extracted by destructive distillation.

Various classifications of oil shale have been applied. A.C. Hutton has developed a classification based on their depositional environments and by differentiating components of the organic matter as shown by the following chart. This classification has proved useful in correlating components of the organic matter with the yield and chemistry of the oil obtained.

Figure 1 – Various Classifications of Oil Shale

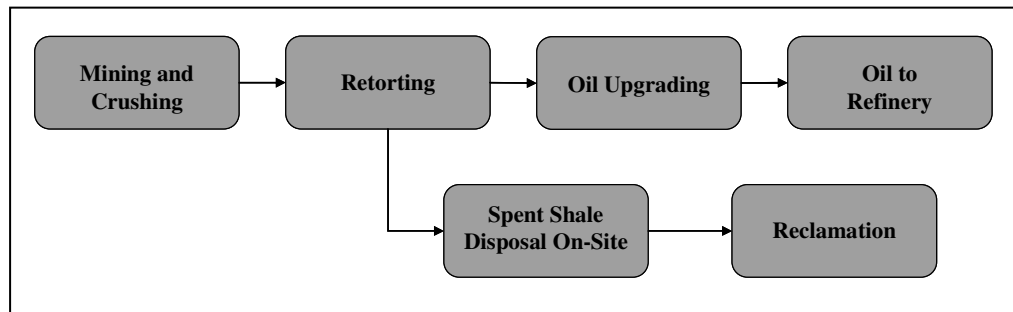


Source: 2007 Survey of Energy Resources, World Energy Council 2007

Oil shale can be mined through open-cut and underground mining. The shale is then transported for a retorting process. The shale oil produced through the retorting process requires a further upgrading process before it is transported to a refinery facility. The spent shales must be disposed of usually by putting it back into the mine.

The steps involved in oil shale mining and processing is set out in the following chart.

Figure 2 – Steps Involved in Oil Shale Mining and Processing



Source: Oil Shale Development in the United States, Prospects and Policies Issues, RAND Corporation, 2005

While oil shale can be used as a fuel for thermal power plants like coal, common products made from oil shale in the past have included kerosene, lamp oil, paraffin wax, furl oil, lubricating oil and grease, naphtha, illuminating gas and the fertiliser chemical, ammonium sulphate.

The mining and processing of oil shale faces a number of environmental challenges. The risks associated with the open-cut mining method are similar to those of surface-mining. In addition, the processing of oil shale produces higher emissions of greenhouse gasses than does the production of conventional oil resources.

Commercial Viability

The World Energy Council estimates that the total world oil shale resources amount to approximately 2.8 trillion barrels. The amount of shale oil that can be recovered from a given deposit depends however, on various factors. Geothermal heating may have degraded the deposit which may result in a significant decrease in the amount of oil recovered. Furthermore, some of the deposits may be too deeply buried which could result in the mining process not being commercially viable.

The additional costs involved in the mining and extraction of oil shale has made it less competitive compared to petroleum-based crude oil. For that reason oil shale deposits are currently mined only in a few countries such as Brazil, China, Estonia, Germany and Israel. The continuing increases in petroleum prices and the decline in world supplies have however driven the recent redevelopment of the oil shale industry.

Whilst the production of shale oil now becomes more feasible, advanced technology and a zero emission environment policy will be important issues in the further development of the oil shale industry.

Oil Shale Exploration in Australia

The US Geological Survey in its publication "Geology and Resources of Some World Oil-Shale Deposits" estimates that the demonstrated oil shale resources in Australia is approximately 58 billion tons, from which approximately 24 billion barrels is recoverable as shown in the following table.

As shown in Table 3, Australian deposits are located mostly in Queensland, New South Wales, South Australia, Victoria and Tasmania. Deposits with the best economic development potential are those located in Queensland and include the lacustrine Rundle, Stuart and Condor deposits of tertiary age. Three of the largest deposits in Eastern Queensland are Condor (17 billion tons), Nagoorin (6.3 billion tons) and Rundle (5 billion tons).

The exploration of oil shale in Australia began in the 1860s and came to an end in 1952 when Government funding ceased. During this period it is estimated that about four million tons of oil shale were processed. Modern exploration was later undertaken by Southern Pacific Petroleum NL and Central Pacific Minerals NL. Between February 2002 and 2005 the companies, together with their joint venture partner, Suncor Energy, developed the Stuart deposit, near Gladstone, Queensland.

Table 3 – Major Australian Oil Shale Deposits

| Deposit | Age | In-Situ Oil (106 tons) | Yield (l/t) | Area (km ²) | Recoverable Oil | |
|------------------------|-------------------------|---------------------------|----------------|----------------------------|-----------------------|---------------|
| | | | | | (106 m ³) | (106 bbls) |
| Queensland | | | | | | |
| Alpha | Tertiary ¹ | 17 | 200+ | 10 | 13 | 80 |
| Condor | do | 17,000 | 65 | 60 | 1,100 | 6,700 |
| Duaringa | do | 10,000 | 82 | 720 | 590 | 3,700 |
| Julia Creek | Cretaceous ² | 4,000 | 70 | 250 | 270 | 1,700 |
| Lowmead | Tertiary ¹ | 1,800 | 84 | 25 | 120 | 740 |
| Nagoorin | do | 6,300 | 90 | 24 | 420 | 2,700 |
| Nagoorin South | do | 1,300 | 78 | 18 | 74 | 470 |
| Rundle | do | 5,000 | 105 | 25 | 420 | 2,700 |
| Stuart | do | 5,200 | 94 | 32 | 400 | 2,500 |
| Yaamba | do | 6,100 | 95 | 32 | 440 | 2,800 |
| New South Wales | | | | | | |
| Baerami | Permian ³ | 11 | 260 | - | 3 | 17 |
| Glen Davis | do | 6 | 420 | - | 4 | 23 |
| Tasmania | | | | | | |
| Mersey River | do | 55 | 120 | - | 8 | 48 |
| Totals | | 57,000 | | | 3,900 | 24,000 |

Source: Geology and Resources of Some World Oil-Shale Deposits, US Geological Survey, 2005

Notes: (Source: Michael Pidwirny, Encyclopaedia of Earth, 30 March 2007)

¹ Tertiary: 65 to 1.6 million years ago in geologic time.

² Cretaceous: 65 to 144 million years ago in geologic time.

³ Permian: 245 to 286 million years ago in geologic time.

The Stuart Project was estimated to have a total in-situ shale oil of 2.6 million barrels and a capacity to produce more than 200,000 barrels/day. The Project was planned to have three stages. In February 2004 Queensland Energy Resources Limited acquired the Project from Southern Pacific Petroleum NL and completed the demonstration facility. No oil shale has been produced yet.

4. PROFILE OF BOSS ENERGY LIMITED

4.1 Background

Boss Energy is an Australian company which listed on the ASX on 25 July 2007. The Company's core business is oil shale exploration. Boss Energy has no employees and is currently managed by its executive directors with the assistance of external service providers.

Boss Energy has a wholly owned subsidiary, Boss Energy (Latrobe Holdings) Pty Ltd, which acquired an exploration licence, EL 20/2004, in Tasmania, immediately prior to listing on the ASX.

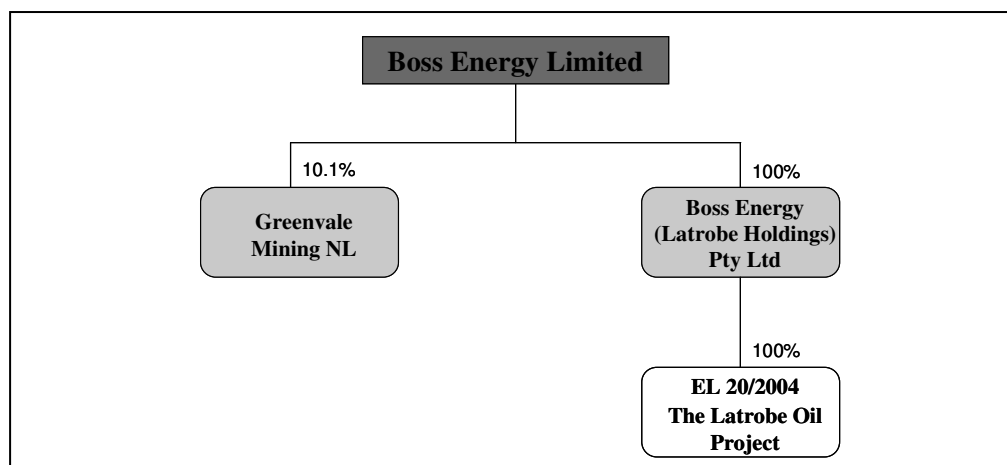
On or about 20 December 2007, Boss Energy completed the acquisition of a 10.1% interest in an Australian publicly listed company, known as Greenvale Mining NL (**Greenvale Mining**). Greenvale Mining has a direct and indirect interest in two other Australian publicly listed companies, known as Esperance Mining NL (**Esperance**) and East Coast Minerals NL (**East Coast**). The total cost of the acquisition (including acquisition costs) was approximately \$7.89 million.

Boss Energy believes that the purchase of its investment in Greenvale is of strategic value and provides the Company with the opportunity to increase its participation in exploration and exploitation of oil shale in Australia. As a consequence of the acquisition, Boss Energy's Executive Chairman has been appointed to the Board of Greenvale Mining and accordingly has some ability to influence the financial affairs of that company.

The interest in Greenvale Mining, either directly or indirectly through the associated companies, East Coast and Esperance, gives Boss Energy access to an estimated 3.2 billion barrels of oil shale projects in Australia, mainly located in North Queensland.

The Company's current corporate structure and its current investments are shown in the following chart.

Figure 3 – Boss Energy Limited Corporate Structure and Current Investments



Source: Boss Energy

4.2 Business Overview

Latrobe Oil Project

Ownership of exploration licence EL 20/2004 enables Boss Energy to explore oil shale deposits in North Tasmania which covers an area of over 61 square kilometres between Latrobe and Railton. The licence is valid until 26 November 2009 with no reduction of area required.

The oil shale deposits in this area are estimated to have JORC (Joint Ore Reserves Committee) indicated resources of 72 million tonnes of tasmanite oil shale of which approximately 6 million tonnes are located at less than 20 meters depth and are able to be mined through the open cut method. The deposit also contains at least JORC inferred resources of 30 million tons at over 20 meters depth.

The deposit has been successfully mined in the past during which time 1.13 million litres of oil have been extracted through underground mining operations.

In August 2007, Boss Energy completed its initial drilling program. Fourteen reserve circulation drill holes and two diamond drill holes were drilled in the China Bush Plantation area known as China Flats. As part of its exploration program, the Company plans to extract and test approximately 20 tonnes to 50 tonnes of bulk sampling in order to determine recovery rates of oil.

In its two year exploration budget Boss Energy plans an aggressive infill and extension drilling program in order to upgrade the status of the project and to obtain a clearer depth analysis of the resources.

Greenvale Mining

Greenvale Mining is an Australian oil shale exploration company listed on the ASX. The Company owns 50% of the Nagoorin tenement, 50% of the Alpha tenement and 25% of the Lowmead tenement. It is noted that associated entity, Esperance Minerals, owns 25% of Nagoorin tenement, 50% of the Alpha tenement and 50% of the Lowmead tenement.

The oil shale deposits under the above tenements are estimated to contain approximately 89.5 million barrels of oil in Alpha, 2.4 billion barrels of oil in Nagoorin and 706 million barrels of oil in Lowmead.

Greenvale Mining and its associated company, Esperance Minerals, have entered into sub-license agreements to acquire an exclusive licence from Idaho National Laboratory USA and Mobotec Combustion Systems for technology which reduces regulated emissions in coal fired power plants using shale oil. The license agreement is exclusively held for Australia, New Zealand, Japan and India.

4.3 Historical Balance Sheets

A summary of the audited consolidated financial position of Boss Energy as at 30 June 2006 and 2007 and the unaudited consolidated financial position as at 31 December 2007 is presented in Table 5.

Independent Expert's Report and Financial Services Guide

Pro-forma adjustments have been made to reflect significant changes to the capital structure of the Company during the period 1 January 2008 to 26 February 2008.

Table 5 – Pro-Forma Historical Balance Sheets

| A\$ | As at 31 December 2007 | | | Notes | As at | |
|----------------------------------|------------------------|----------------------------------|-------------------|----------------|------------------|-----------------|
| | Consolidated | Pro-Forma Adjustments | Consolidated | | 30 June 2007 | 30 June 2006 |
| Current Assets | | | | | | |
| Cash and Cash Equivalents | 1,725,874 | 11,821 36,231 1,175,000 | 2,948,926 | 1. 2. 3. | 3,495,038 | 27,769 |
| Trade & Other Receivables | 35,756 | | 35,756 | | - | 2,131 |
| Total Current Assets | 1,761,630 | | 2,984,682 | | 3,495,038 | 29,900 |
| Non-Current Assets | | | | | | |
| Investments | 7,893,859 | | 7,893,859 | 6. | - | - |
| Property, Plant & Equipment | 2,116 | | 2,116 | | - | - |
| Other Assets | 586,047 | | 586,047 | 7. | - | - |
| Total Non-Current Assets | 8,482,022 | | 8,482,022 | | - | - |
| Total Assets | 10,243,652 | | 11,466,704 | | 3,495,038 | 29,900 |
| Current Liabilities | | | | | | |
| Trade and Other Payables | 4,568,769 | (4,568,769) | - | 2, 8. | 212,987 | 1,416 |
| Total Current Liabilities | 4,568,769 | | - | | 212,987 | 1,416 |
| Total Liabilities | 4,568,769 | | - | | 212,987 | 1,416 |
| Net Assets | 5,674,883 | | 11,466,704 | | 3,282,051 | 28,484 |
| Equity | | | | | | |
| Issued Capital | 6,210,979 | 11,821 4,605,000 1,175,000 | 12,002,800 | 1. 2. 3. | 3,472,163 | 100,001 |
| Retained Losses | (536,096) | | (536,096) | | (190,112) | (71,517) |
| Total Equity | 5,674,883 | | 11,466,704 | | 3,282,051 | 28,484 |

Source: Boss Energy

Notes:

1. Issue of 59,103 ordinary shares on 29 January 2008 on the exercise of 59,103 options at \$0.20 per share.
2. Share placement of 11,512,500 ordinary shares on 7 February 2008 at \$0.40 per share.
3. Share placement of 2,937,500 ordinary shares on 26 February 2008 at \$0.40 per share.
4. The grant of 2,878,125 options on 7 February 2008 for no consideration has not been included in the adjustments as Total Equity will not be affected.
5. The grant of 734,375 options on 26 February 2008 for no consideration has not been included in the adjustments as Total Equity will not be affected.
6. Investments of \$7.89 million as at 31 December 2007 represents the investment in Greenvale Mining, including acquisition costs paid to Findlay & Co Stockbrokers (Underwriters) Pty Ltd, PKF Corporate Finance and Corrs Chambers Westgarth Lawyers.
7. Other Assets represent mineral exploration costs of Latrobe Holdings Pty Ltd, the Company's subsidiary, in the order of \$0.59 million as at 31 December 2007.
8. Trade and Other Payables as at 31 December 2007 included \$4.5 million of interest bearing liabilities which were subsequently repaid out of the proceeds of the share placement on 7 February 2008 and 26 February 2008, together with amounts payable to PKF Corporate Finance and Corrs Chambers Westgarth Lawyers, which we have been assumed have also been repaid out of the proceeds of the share placement.

4.4 Historical Income Statements

A summary of the audited consolidated income statements of Boss Energy for the years ended 30 June 2006 and 2007 and the unaudited consolidated income statements for the six months ended 31 December 2007 is presented below.

Table 4 – Historical Income Statements

| A\$ | For 6 Months Ended 31 December 2007 | For the Year Ended | |
|---|--|--------------------|-----------------|
| | | 30 June 2007 | 30 June 2006 |
| Revenue from Ordinary Activities | 71,540 | 3,567 | - |
| Expenses from Ordinary Activities | (417,524) | (122,162) | 71,517 |
| Profit/(Loss) from Ordinary Activities Before Income Tax Expense | (345,984) | (118,595) | 71,517 |
| Income Tax Relating to Ordinary Activities | - | - | - |
| Profit/(Loss) from Ordinary Activities After Income Tax Expense | (345,984) | (118,595) | 71,517 |

Source: Boss Energy

It is noted that since listing on the ASX, Boss Energy's activities have principally been in the area of exploration and as such the Company has incurred expenses in relation to that activity in addition to other administrative costs in relation to the maintenance of its corporate activities.

4.5 Capital Structure

As at 26 February 2008, Boss Energy had 61,559,104 ordinary shares on issue. Of these shares, 21,500,001 shares are subject to an ASX escrow.

The Company also had 15,315,897 quoted options on issue which were recently allotted under multiple rights issues and placements. The main terms and conditions of the options on issue are summarised as follows:

- Each option entitles the holder to one share;
- The options are exercisable at any time prior to 5.00pm Western Standard Time on 30 November 2010;
- The exercise price of the options is \$0.20; and
- The options are freely transferable.

Independent Expert's Report and Financial Services Guide

The top ten shareholders and their respective shareholdings in Boss Energy as at 26 February 2008 are summarised in the following table.

Table 6 – Top Ten Shareholders of Boss Energy

| Shareholder | Number of Shares | % |
|--|-------------------|----------------|
| ANZ Nominees Limited | 10,494,493 | 17.05% |
| Trade Thrust Pty Limited | 10,000,000 | 16.24% |
| Mr Joseph Obeid | 5,000,000 | 8.12% |
| Pacific Finance & Securities Pty Limited | 5,000,000 | 8.12% |
| Continental Capital Limited | 3,750,000 | 6.09% |
| Westblade Pty Limited | 3,750,000 | 6.09% |
| Montana Mining Limited | 2,500,000 | 4.06% |
| UBS Wealth Management Australia Nominees Pty Limited | 1,937,500 | 3.15% |
| Azalea Family Holdings Pty Limited | 1,000,000 | 1.62% |
| Mr Michael Gladwin Grove | 750,000 | 1.22% |
| Total Top Ten Shareholders | 44,181,993 | 71.77% |
| Total Shareholders | 61,559,104 | 100.00% |

Source: Boss Energy

The spread of shareholders as at 26 February 2008 is set out in the following table.

Table 7 – Spread of Shareholders

| Spread of Holdings | Number of Holders | Number of Shares | % |
|--------------------|-------------------|-------------------|----------------|
| 1 - 1,000 | 5 | 1,193 | 0.00% |
| 1,001 - 5,000 | 24 | 78,792 | 0.13% |
| 5,001 - 10,000 | 168 | 1,639,873 | 2.66% |
| 10,001 - 100,000 | 127 | 5,332,616 | 8.66% |
| 100,001 - over | 53 | 54,506,630 | 88.54% |
| Total | 377 | 61,559,104 | 100.00% |

Source: Boss Energy

The top ten option holders and their respective option holdings in Boss Energy as at 26 February 2008 are summarised in the following table.

Table 8 – Top Ten Option Holders of Boss Energy

| Option Holder | Number of Options | % |
|--|--------------------------|----------------|
| Trade Thrust Pty Limited | 2,500,000 | 16.32% |
| ANZ Nominees Limited | 2,120,985 | 13.85% |
| Mr Joseph Obeid | 1,250,000 | 8.16% |
| Pacific Finance & Securities Pty Limited | 1,250,000 | 8.16% |
| Continental Capital Limited | 937,500 | 6.12% |
| Westblade Pty Limited | 937,500 | 6.12% |
| Montana Mining Limited | 625,000 | 4.08% |
| UBS Wealth Management Australia Nominees Pty Limited | 484,375 | 3.16% |
| Azalea Family Holdings Pty Limited | 250,000 | 1.63% |
| Exchange Minerals Limited | 207,420 | 1.35% |
| Total Top Ten Option Holders | 10,562,780 | 17.16% |
| Total Option Holders | 15,315,897 | 100.00% |

Source: Boss Energy

The spread of option holders as at 26 February 2008 is set out in the following table.

Table 9 – Spread of Option Holders

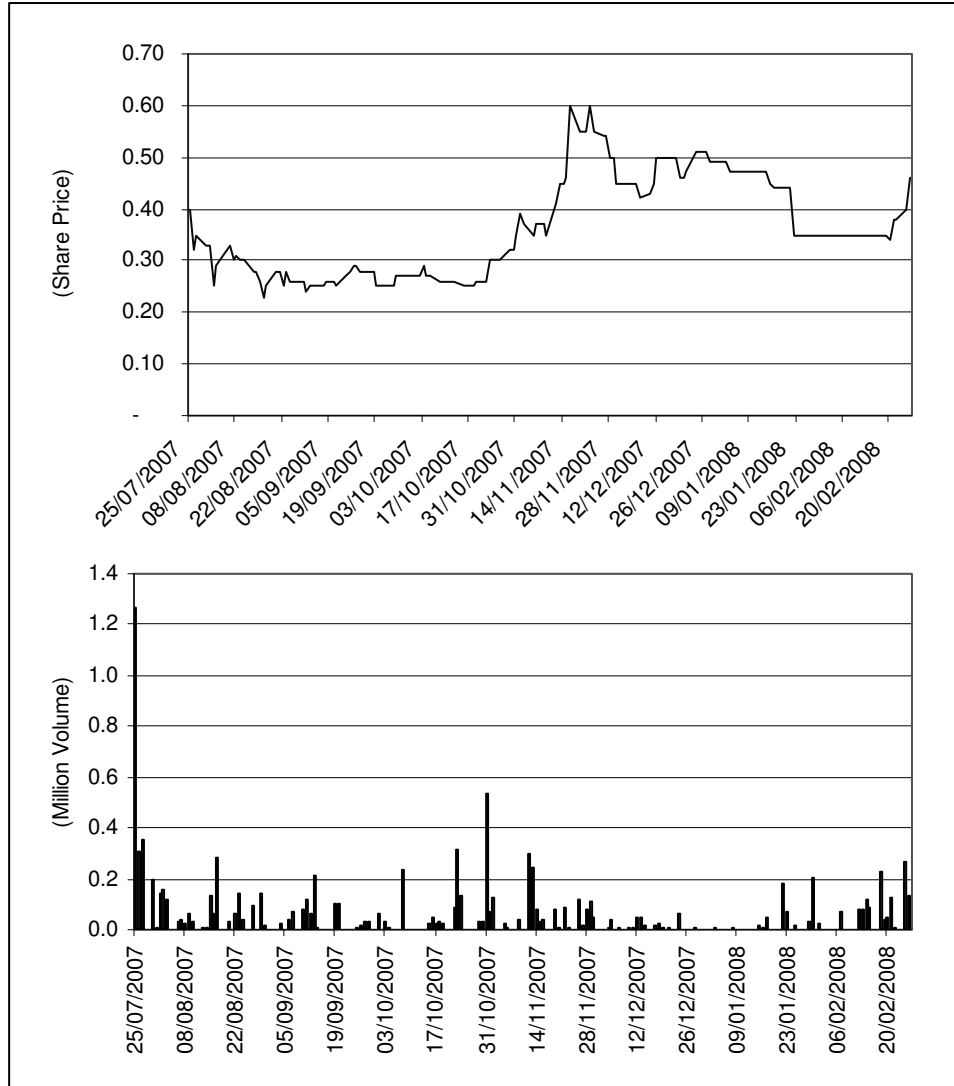
| Spread of Holdings | Number of Holders | Number of Options | % |
|---------------------------|--------------------------|--------------------------|---------------|
| 1 - 1,000 | 10 | 5,753 | 0.01% |
| 1,001 - 5,000 | 166 | 446,957 | 0.73% |
| 5,001 - 10,000 | 26 | 182,332 | 0.30% |
| 10,001 - 100,000 | 85 | 2,965,575 | 4.82% |
| 100,001 - over | 18 | 11,715,280 | 19.03% |
| Total | 305 | 15,315,897 | 24.88% |

Source: Boss Energy

4.6 Share Trading History

The movement in Boss Energy's share price and the volume of shares traded from its first trading date of 25 July 2007 to 26 February 2008 is shown in the following charts.

Figure 4 – Share Trading History



Source: Aspect Huntleys

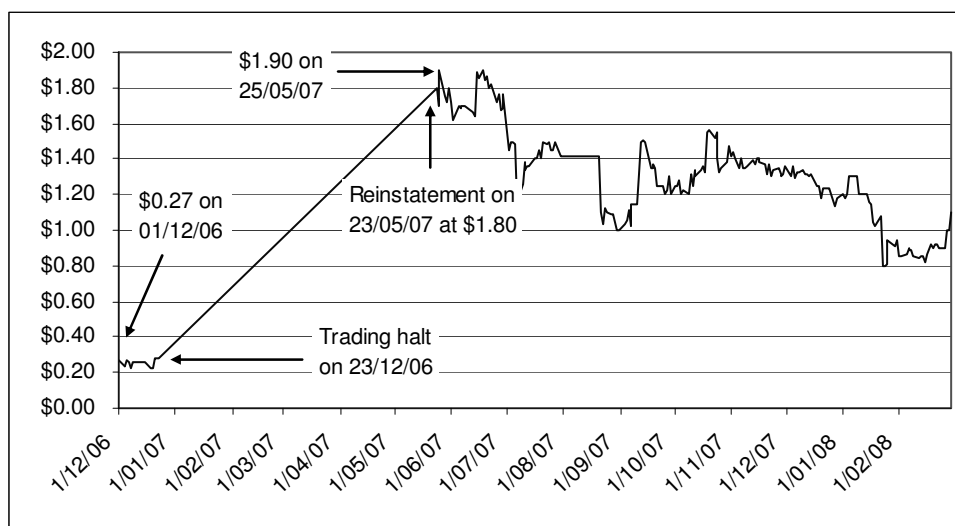
5. PROFILE OF GRAVNER LIMITED

Gravner is an investment and advisory company incorporated in Dubai, United Arab Emirates. Gravner specialises in providing advisory services to small and medium resources companies both in Australia and overseas.

Gravner conducts its business through word of mouth. Its clients range from private and public companies listed on the Dubai International Financial Exchange and the ASX to private high net worth individuals in the Middle East.

A key client includes Greenland Minerals and Energy Limited (ASX code GGG). Since Gravner's involvement in GGG, its share price has risen from approximately \$0.27 per share to a high of \$1.90, with a closing price of \$1.10 as at 26 February 2008. Set out below is a chart of GGG's share price from 1 December 2006 to 26 February 2008:

Figure 5 – Greenland Minerals and Energy Limited Share Price History



Source: Aspect Huntley

Gravner invests and advises at all stages of development from exploration to production. The company focuses mainly on resource companies that are in their later stages of exploration and economic evaluation phases i.e. between discovery and completion of bankable feasibility studies. The company believes that companies at these stages tend to be valued significantly lower than in their later stages as resource producers.

In managing its investments, Gravner focuses on capturing value from its in-depth research model in the infrastructure market based on the following fundamental principles:

- Understanding the investment's value drivers to determine the value and risks associated with the investments;
- Diligently assessing, measuring and managing acceptable risks to obtain predictable outcomes; and

- Investing over the long term and overlooking short-term fluctuations in market valuations.

We have been advised that Gravner employs a small team of highly experienced and qualified personnel in the resources sector and more importantly has the ability to source and locate capital funds.

We have also been advised that Gravner assisted Boss Energy in relation to the recent purchase of its shareholding in Greenvale Mining and in completing the placement associated with the same.

6. EVALUATION OF THE PROPOSED AGREEMENT

6.1 Basis of Evaluation

ASIC Regulatory Guide 111 defines an offer as being fair if the value of the offer price or consideration is equal to or greater than the value of the securities being the subject of the offer.

With regards to the guidance noted above, in our opinion, the Proposed Agreement will be fair if the increase in market value of the shares held by existing shareholders of Boss Energy as a result of the Proposed Agreement is equal to, or outweigh the consideration, both in cash and shares, to be paid under the Proposed Agreement.

In order to provide shareholders of Boss Energy with a view on whether the Proposed Agreement is fair and reasonable, we have adopted the following approach:

- We have compared the value of the consideration to be paid to Gravner under the Proposed Agreement and the expected increase in the value of shares held by existing shareholders as a result of the Proposed Agreement; and
- We have considered other significant factors to which the existing shareholders might give consideration prior to approving the Proposed Agreement. This includes advantages and disadvantages to the existing shareholders of Boss Energy if the Proposed Agreement is agreed to, together with the advantages and disadvantages to the existing shareholders if it is not.

6.2 Assessment of the Fairness of the Proposed Agreement

As detailed in section 4.5 we have utilised the quoted market price in assessing the incremental value of the shares currently on issue, both on an undiluted and fully diluted basis, held by existing shareholders of Boss Energy and the Security Fees consideration to be paid to Gravner under the Proposed Agreement.

Our assessment of value is detailed below.

Implied Market Share Price

For the purposes of this Report, we have assumed that Gravner will achieve the minimum market capitalisation required for each tranche during the initial period of 36 months as set out in the Proposed Agreement. In order to achieve the minimum market capitalisation requirement as detailed in section 3.1, we have calculated the minimum implied market share price which will need to be achieved for each tranche based on the following assumptions:

- As the minimum market capitalisation for Tranche A of over \$20 million has been achieved on 18 December 2007, we assume that four million shares will be issued to Gravner under Tranche A (refer to paragraph 3.1 above);
- The implied market share price will remain the same for at least three consecutive days upon the achievement of each market capitalisation hurdle in order to meet the requirements set out in the Proposed Agreement; and

Independent Expert's Report and Financial Services Guide

- No new shares are issued as part of the consideration of any acquisitions undertaken by Boss Energy during the term of the Proposed Agreement except to the extent which such issues are value accretive.

The table below summarises the existing equity capital of Boss Energy as at 26 February 2008 and the pro-forma share capital subsequent to the share and option issues conducted since 31 December 2007 detailed above.

Table 8 – Existing and Pro-Forma Share Capital

| A\$ | Existing Shareholders | Gravner | Total Outstanding Shares | Market Capitalisation | Implied Share Price |
|--|-----------------------|------------|--------------------------|-------------------------------|-------------------------|
| Capital Structure on 26 February 2008 | | | | | |
| No. of Existing Shares | 61,559,104 | - | 61,559,104 | | |
| % Undiluted Shareholding | 100% | 0% | 100% | 28,317,188 | 0.46¹ |
| No. of Options | 15,315,897 | - | 15,315,897 | | |
| Total Diluted Shares | 76,875,001 | - | 76,875,001 | | |
| % Fully Diluted Shareholding | 100% | 0% | 100% | 35,362,500 | 0.46 |
| Tranche A | | | | | |
| No. of Shares | 61,559,104 | 4,000,000 | 65,559,104 | | |
| % Undiluted Shareholding | 94% | 6% | 100% | 20,000,001² | 0.32³ |
| No. of Options | 15,315,897 | 4,000,000 | 19,315,897 | | |
| Total Diluted Shares | 76,875,001 | 8,000,000 | 84,875,001 | | |
| % Fully Diluted Shareholding | 91% | 9% | 100% | 20,000,001 | 0.26 |
| Tranche B | | | | | |
| No. of Shares | 61,559,104 | 10,000,000 | 71,559,104 | | |
| % Undiluted Shareholding | 86% | 14% | 100% | 50,000,001² | 0.76³ |
| No. of Options | 15,315,897 | 10,000,000 | 25,315,897 | | |
| Total Diluted Shares | 76,875,001 | 20,000,000 | 96,875,001 | | |
| % Fully Diluted Shareholding | 79% | 21% | 100% | 50,000,001 | 0.59 |
| Tranche C | | | | | |
| No. of Shares | 61,559,104 | 18,000,000 | 79,559,104 | | |
| % Undiluted Shareholding | 77% | 23% | 100% | 75,000,001² | 1.05³ |
| No. of Options | 15,315,897 | 18,000,000 | 33,315,897 | | |
| Total Diluted Shares | 76,875,001 | 36,000,000 | 112,875,001 | | |
| % Fully Diluted Shareholding | 68% | 32% | 100% | 75,000,001 | 0.77 |

Independent Expert's Report and Financial Services Guide

| A\$ | Existing Shareholders | Gravner | Total Outstanding Shares | Market Capitalisation | Implied Share Price |
|-------------------------------------|-----------------------|------------|--------------------------|--------------------------------|-------------------------|
| Tranche D | | | | | |
| No. of Shares | 61,559,104 | 27,000,000 | 88,559,104 | | |
| % Undiluted Shareholding | 70% | 30% | 100% | 100,000,001² | 1.26³ |
| No. of Options | 15,315,897 | 27,000,000 | 42,315,897 | | |
| Total Diluted Shares | 76,875,001 | 54,000,000 | 130,875,001 | | |
| % Fully Diluted Shareholding | 59% | 41% | 100% | 100,000,001 | 0.89 |
| Tranche E | | | | | |
| No. of Shares | 61,559,104 | 37,000,000 | 98,559,104 | | |
| % Undiluted Shareholding | 62% | 38% | 100% | 125,000,001² | 1.41³ |
| No. of Options | 15,315,897 | 37,000,000 | 52,315,897 | | |
| Total Diluted Shares | 76,875,001 | 74,000,000 | 150,875,001 | | |
| % Fully Diluted Shareholding | 51% | 49% | 100% | 125,000,001 | 0.96 |

Notes:

1. The share price is based on the actual market share price of Boss Energy on 26 February 2008.
2. The minimum market capitalisation requirement of each tranche as set out in section 3.1.
3. The implied share price is calculated based on the minimum market capitalisation requirement of that tranche and the total number of outstanding shares at the time the requirement is achieved.

Calculation of Expected Incremental Value to the Existing Shareholders of Boss Energy

We have calculated the potential incremental value as a result of the Proposed Agreement to the existing shareholders of Boss Energy by comparing the market value as at 26 February 2008 and the expected market value after the achievement of Tranche E by Gravner.

By adopting the implied market share price as set out in the table above, the expected incremental value created to the existing shareholders of Boss Energy is approximately \$58,572,671 on an undiluted basis and \$38,061,569 on a fully diluted basis as detailed in the following table.

Table 9 – Implied Share Price and Expected Incremental Value Created to Existing Shareholders

| | Number of Shares | Implied Share Price (\$) | Market Value (\$) |
|---|-------------------------|---------------------------------|--------------------------|
| Current Ordinary Shares on Issue | | | |
| - Undiluted | 61,559,104 | 0.46 | 28,317,188 |
| - Fully Diluted | 76,875,001 | 0.46 | 35,362,500 |
| Tranche A | | | |
| - Undiluted | 61,559,104 | 0.32 | 20,000,001 |
| - Fully Diluted | 76,875,001 | 0.26 | 20,000,001 |
| Tranche B | | | |
| - Undiluted | 61,559,104 | 0.76 | 46,949,319 |
| - Fully Diluted | 76,875,001 | 0.59 | 45,287,188 |
| Tranche C | | | |
| - Undiluted | 61,559,104 | 1.05 | 64,519,154 |
| - Fully Diluted | 76,875,001 | 0.77 | 59,516,130 |
| Tranche D | | | |
| - Undiluted | 61,559,104 | 1.26 | 77,375,312 |
| - Fully Diluted | 76,875,001 | 0.89 | 68,106,313 |
| Tranche E | | | |
| - Undiluted | 61,559,104 | 1.41 | 86,889,859 |
| - Fully Diluted | 76,875,001 | 0.96 | 73,424,070 |
| Incremental Share Value | | | |
| - Undiluted | | | 58,572,671 |
| - Fully Diluted | | | 38,061,569 |

Valuation of Securities Fees as Part of Consideration to be Paid to Gravner

Under the Proposed Agreement, Boss Energy may issue up to 37 million ordinary shares and 37 million options to Gravner as part of the Security Fees, subject to the achievement of the minimum market capitalisation requirement which corresponds to each tranche.

It is noted that all shares issued to Gravner under the Proposed Agreement will be credited as fully paid and ranking pari passu with the existing ordinary shares of Boss Energy on issue.

Adopting the implied market share price, the value of the Securities Fees to be paid to Gravner after the achievement of Tranche E is approximately \$54,016,741 on an undiluted basis and \$72,718,339 on a fully diluted basis as detailed in the following table.

Table 10 – Implied Share Price and Expected Value of Securities Fees to be Paid to Gravner

| | Number of Shares | Implied Share Price (\$) | Market Value (\$) |
|------------------|-------------------------|---------------------------------|--------------------------|
| Tranche A | | | |
| - Undiluted | 4,000,000 | 0.32 | 1,299,564 |
| - Fully Diluted | 8,000,000 | 0.26 | 2,081,301 |
| Tranche B | | | |
| - Undiluted | 10,000,000 | 0.76 | 7,626,706 |
| - Fully Diluted | 20,000,000 | 0.59 | 11,782,032 |
| Tranche C | | | |
| - Undiluted | 18,000,000 | 1.05 | 18,865,524 |
| - Fully Diluted | 36,000,000 | 0.77 | 27,870,968 |
| Tranche D | | | |
| - Undiluted | 27,000,000 | 1.26 | 33,937,034 |
| - Fully Diluted | 54,000,000 | 0.89 | 47,840,532 |
| Tranche E | | | |
| - Undiluted | 37,000,000 | 1.41 | 52,225,009 |
| - Fully Diluted | 74,000,000 | 0.96 | 70,678,128 |

Summary

The following table summarises the foregoing assessment:

Table 11 – Summary of Incremental Value Created for Existing Shareholders and Securities Fees to be Paid to Gravner

| A\$ | Undiluted | Fully Diluted |
|---|------------------|----------------------|
| Incremental value created for existing shareholders | 58,572,671 | 38,061,569 |
| Consideration to be paid to Gravner by way of Securities Fees | 52,225,009 | 70,678,128 |

After giving consideration to the above, we consider that the Proposed Agreement is unfair to the shareholders of the Company.

It is noted that the above calculations do not take into account any cash consideration which may be paid to Gravner under the Proposed Agreement or the additional value which may be received by Gravner if it were to obtain control of Boss Energy.

Nevertheless, even if these factors were taken into consideration, our opinion would remain unchanged.

6.3 Assessment on the Reasonableness of the Proposed Agreement

Advantages

Potential Increase in Share Price

Performance under the Proposed Agreement by Gravner may result in a potential increase in share price as a result of the milestone conditions contained in the Proposed Agreement.

Aligned Interest with Existing Shareholders

The payment of Gravner's Security Fee is subject to a number of milestones being achieved. The nature of these milestones is such that the interests of Gravner will be aligned with the interests of existing shareholders, i.e. to increase the market capitalisation and thus (assuming no further issues of shares or options, except to the extent which they are value accretive), the share price of Boss Energy Shares.

Impact on Cash Flows

The Security Fee consideration payable to Gravner for corporate advisory services will not negatively affect the cash flows of the Company.

Management Support

Extensive industry knowledge and management expertise will be provided to the Board and management of the Company by Gravner under the Proposed Agreement.

Disadvantages

Likely Impact on Shareholding Control

Table 12 illustrates the existing capital structure as at 26 February 2008 and the issue of shares under the Proposed Agreement both on an undiluted and fully diluted basis.

Table 12 – Likely Impact on Shareholding Control and Dilution

| A\$ | Existing Shareholders | Gravner | Total Outstanding Shares |
|---|-----------------------|-----------|--------------------------|
| <u>Capital Structure on 26 February 2008</u> | | | |
| No. of Existing Shares | 61,559,104 | - | 61,559,104 |
| % Undiluted Shareholding | 100% | 0% | 100% |
| No. of Options | 15,315,897 | - | 15,315,897 |
| Total Diluted Shares | 76,875,001 | - | 76,875,001 |
| % Fully Diluted Shareholding | 100% | 0% | 100% |
| <u>Tranche A</u> | | | |
| No. of Shares | 61,559,104 | 4,000,000 | 65,559,104 |
| % Undiluted Shareholding | 94% | 6% | 100% |
| No. of Options | 15,315,897 | 4,000,000 | 19,315,897 |
| Total Diluted Shares | 76,875,001 | 8,000,000 | 84,875,001 |
| % Fully Diluted Shareholding | 91% | 9% | 100% |

Independent Expert's Report and Financial Services Guide

| A\$ | Existing Shareholders | Gravner | Total Outstanding Shares |
|-------------------------------------|-----------------------|------------|--------------------------|
| <u>Tranche B</u> | | | |
| No. of Shares | 61,559,104 | 10,000,000 | 71,559,104 |
| % Undiluted Shareholding | 86% | 14% | 100% |
| No. of Options | 15,315,897 | 10,000,000 | 25,315,897 |
| Total Diluted Shares | 76,875,001 | 20,000,000 | 96,875,001 |
| % Fully Diluted Shareholding | 79% | 21% | 100% |
| <u>Tranche C</u> | | | |
| No. of Shares | 61,559,104 | 18,000,000 | 79,559,104 |
| % Undiluted Shareholding | 77% | 23% | 100% |
| No. of Options | 15,315,897 | 18,000,000 | 33,315,897 |
| Total Diluted Shares | 76,875,001 | 36,000,000 | 112,875,001 |
| % Fully Diluted Shareholding | 68% | 32% | 100% |
| <u>Tranche D</u> | | | |
| No. of Shares | 61,559,104 | 27,000,000 | 88,559,104 |
| % Undiluted Shareholding | 70% | 30% | 100% |
| No. of Options | 15,315,897 | 27,000,000 | 42,315,897 |
| Total Diluted Shares | 76,875,001 | 54,000,000 | 130,875,001 |
| % Fully Diluted Shareholding | 59% | 41% | 100% |
| <u>Tranche E</u> | | | |
| No. of Shares | 61,559,104 | 37,000,000 | 98,559,104 |
| % Undiluted Shareholding | 62% | 38% | 100% |
| No. of Options | 15,315,897 | 37,000,000 | 52,315,897 |
| Total Diluted Shares | 76,875,001 | 74,000,000 | 150,875,001 |
| % Fully Diluted Shareholding | 51% | 49% | 100% |

If all marketing capitalisation hurdles are achieved, the Proposed Agreement will result in Gravner acquiring a voting interest of up to 49% on a diluted basis and obtaining significant influence over the Company.

Should voting interests held by Gravner exceed 50%, Gravner will have the ability to pass general resolutions at shareholder meetings. Gravner's shareholdings could exceed 50% through a number of ways including the acquisition of Boss Energy shares by Gravner on the ASX, subject to the takeover provisions, or through other placements undertaken by Boss Energy.

Dilution of Existing Shareholders

The Proposed Agreement could result in the existing shareholders experiencing a significant dilution of their shareholdings in the Company from 100% to approximately 62% or 51% on a fully diluted basis. This could also result in a dilution of net assets per share.

Liquidity of Shares

The Proposed Agreement is likely to adversely affect the market liquidity of Boss Energy shares given the significant number of shares and options which could be issued to Gravner under the Agreement.

6.4 Conclusion

After giving consideration to the analysis set out at section 6.2 and 6.3 we consider that the Proposed Agreement is **unfair but reasonable** to the shareholders of Boss Energy Limited.

APPENDIX 1 – QUALIFICATIONS AND DECLARATIONS

Qualifications

VMC Global has extensive experience in the provision of corporate finance advice, particularly with respect to takeovers, mergers and acquisitions.

VMC Global holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing Rules of the ASX and the Corporations Act.

The individuals responsible for the preparation of this Report are Mr Allan Farrar and Mrs Manda Trautwein.

Mr Allan Farrar is an executive director of VMC Global and has over 30 years of experience in the corporate advisory and taxation fields including capital raisings, ASX listings, public and private company valuations, merger, acquisitions and investigations into corporate and business losses. Allan also currently holds a number of non-executive directorships with public companies.

Mrs Manda Trautwein is a director of VMC Global and an active Member of the Institute of Chartered Accountants and its Forensic Accounting and Business Valuation Special Interest Groups. She holds a Bachelor of Commerce degree from Macquarie University and a Master of Applied Taxation degree from the University of New South Wales. She is also currently completing studies towards a Master of Applied Finance degree at Macquarie University. Manda has had extensive exposure to corporate advisory projects including valuations of shares and businesses for a variety of applications.

Declarations

The statements contained in this Report are given in good faith and have been derived from information believed to be reliable and accurate. We have examined this information and have no reason to believe that any material factors have been withheld from us.

During the course of this engagement, VMC Global provided draft copies of this Report to Boss Energy for comment as to factual accuracy, as opposed to opinions, which are the responsibility of VMC Global alone. Changes made to this Report as a result of these reviews have not changed the opinion reached by VMC Global.

Interests

VMC Global is entitled to receive a fee for the preparation of this Report. Except for these fees, VMC Global will not receive any pecuniary or other benefit, whether direct or indirect, for or in connection, with the preparation of this Report.

APPENDIX 2 – SOURCES OF INFORMATION

In preparing this Report we have been provided and considered the following sources of information:

- Proposed Agreement between Boss Energy and Gravner;
- Boss Energy Website, www.bossenergy.com;
- Boss Energy Management Accounts for the Six Months Ended 31 December 2007;
- Boss Energy Annual Report 2007;
- Boss Energy Prospectus;
- Various ASX Announcements of Boss Energy;
- Gravner Website, www.gravner.net;
- Greenvale Mining Website: www.greenvalemining.com.au;
- Greenvale Mining Annual Report 2007;
- Greenvale Mining Prospectus;
- Various ASX Announcements of Greenvale Mining;
- Oil Shale Development in the United States-Prospects and Policy Issues, RAND Corporation, 2005;
- Australia's Identified Mineral Resources Report, Geoscience Australia, 2007;
- 2007 Survey of Energy Resources, World Energy Council, 2007; and
- ASIC Regulatory Guides.

APPENDIX 3 – SHARE VALUATION METHODOLOGIES

Discounted Cash Flow (DCF) Method

The DCF approach is technically a superior methodology since it allows for fluctuations in future performance to be recognised. This methodology derives the value of a business by discounting its expected future cash flows.

In applying the DCF valuation methodology consideration must be given to the following factors:

- The estimated future cash flows of the business for a reasonable period including an assessment of the underlying assumptions;
- An estimate of the terminal value of the business at the end of the forecast period; and
- The assessment of an appropriate risk adjusted discount rate that quantifies the risk inherent in the business and reflects the expected return which investors can obtain from investments having equivalent risks.

Capitalisation of Estimated Future Maintainable Earnings

The capitalisation of estimated future maintainable earnings method is useful as a primary valuation technique where the DCF methodology can not be used. This method requires consideration of the following factors:

- Selection of an appropriate level of estimated future maintainable earnings having regard to historical and forecast operating results, and adjusting for non-recurring or non-business items of income and expenditure in addition to any known factors likely to affect the future operating performance of the business.
- Profits arising from the assets surplus to the operation of the sustainable business are eliminated and the assets, net of any liabilities relating thereto, treated incrementally.
- Determination of an appropriate capitalisation multiple having regard to the market rating of comparable companies or businesses, the extent and nature of competition in the industry, quality of earnings, future growth opportunities, asset backing and relative investment risk.

Net Asset Backing Approach

The net asset backing approach assumes an orderly realisation of the net assets of a business. It is normally used as a secondary valuation method and as a basis for determining the level of goodwill implied in DCF and capitalisation of estimated future maintainable earnings valuations.

The net asset backing approach is usually used as the primary valuation technique where businesses are not currently making a profit but may do so in the future, or where the capitalisation of earnings or discounted cash flow methodologies yield a lower value than that of the net assets.

Share Market Trading Approach

The share market trading approach is appropriate where there is a ready market for securities such as the ASX, through which shares are traded under this approach, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where the market for the company's shares is active and liquid.

Quoted Market Price

The quoted market price method requires an analysis of the quoted price of listed securities, where there is a liquid and active market and allowing for the fact that the quoted price may not reflect their value, should 100% of the securities be available for sale.

This valuation method is suitable where the quoted price of a listed entity's securities is closely related to the underlying value of the net assets of the entity.

Genuine Offers

This method requires the consideration of any recent genuine offers received by the target for any business units or assets as a basis for the valuation of those business units or assets.

BOSS ENERGY LIMITED
ABN 38 116 834 336

PROXY FORM

APPOINTMENT OF PROXY
BOSS ENERGY LIMITED
ABN 38 116 834 336

I/We

being a Member of Boss Energy entitled to attend and vote at the General Meeting, hereby

Appoint

Name of Proxy

or failing the person so named or, if no person is named, the Chairman of the 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 General Meeting to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on 6 May 2008 at 12 noon (WST) and at any adjournment thereof.

Voting on Business of the General Meeting

| | | FOR | AGAINST | ABSTAIN |
|--------------|--|--------------------------|--------------------------|--------------------------|
| Resolution 1 | Approval to issue Securities to Gravner Limited | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 | Ratification of Placement of Shares and Options | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3 | Approval to issue Options pursuant to Placement | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4 | Approval to issue Options to employees and consultants | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 5 | Approval to issue Shares | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 6 | Approval to grant Options to Mr Robert Grover | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 7 | Approval to grant Options to Mr Joseph Obeid | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 8 | Approval to grant Options to Mr Winton Willesee | <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 the Resolutions.

If you mark the abstain box for a particular item, you are directing your proxy not to 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 on 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, Boss Energy Limited, Suite 24, 18 Stirling Highway, Nedlands, Western Australia 6009 or by fax to 08 9389 6622 by 12.00 noon (WST) on 4 May 2008.

Signed this _____ day of _____ 2008.

By:

Individuals and joint holders

Companies (affix common seal if appropriate)

Signature

Director

Signature

Director/Secretary

Signature

Sole Director and Sole Secretary

BOSS ENERGY LIMITED
ABN 38 116 834 336

Instructions for Completing Appointment of Proxy Form

1. In accordance with section 249L of the Corporations Act, a shareholder 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 sections 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with sections 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.

In accordance with section 250BA of the Corporations Act the Company specifies the following for the purposes of receipt of proxy appointments:

Registered Office: Suite 24, 18 Stirling Highway, Western Australia, 6009

Fax Number: +61 8 9389 6622

by no later than 48 hours prior to the time of commencement of the Meeting.

