



BONDI MINING LIMITED

ACN 120 723 426

NOTICE OF EXTRAORDINARY GENERAL MEETING

EXPLANATORY MEMORANDUM

PROXY FORM

Date of Meeting

8 June 2007

Time of Meeting

11.00 am

Place of Meeting

O'Loughlins Lawyers
Level 2, 99 Frome Street
Adelaide SA 5000

NOTICE OF EXTRAORDINARY GENERAL MEETING

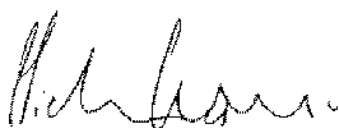
BONDI MINING LIMITED ACN 120 723 426

Notice is hereby given that an Extraordinary General Meeting of members of Bondi Mining Limited ("**the Company**") will be held at the offices of O'Loughlins Lawyers, Level 2, 99 Frome Street, Adelaide at 11.00 am on 8 June 2007 to consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

Resolution: Grant of shares and options to Dr Richard Karel Valenta (or his nominee)

"That approval be and is hereby given to the grant, allotment and issue by the Company of 1,000,000 ordinary shares at an issue price of 20 cents per share and 1,500,000 options to Dr Richard Karel Valenta (or his nominee) on the terms and conditions described in the Explanatory Memorandum which is attached to and forms part of this Notice."

DATED 26 April 2007
By Order of the Board



Richard Scott Curyer
Company Secretary

NOTES:

Definitions

Terms used in this Notice which are defined in the Explanatory Memorandum which is attached to and forms part of this Notice have the meanings ascribed to them therein.

Voting Exclusion Statement

A vote in respect of the resolution will be disregarded by the Company if it is cast by or on behalf of Richard Karel Valenta or an associate of Richard Karel Valenta.

However the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- 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.

Proxies

A member entitled to attend this Meeting and vote is entitled to appoint a proxy to attend and vote for the member at the Meeting. A proxy need not be a member. If the member is entitled to cast two or more votes at the Meeting the member may appoint two proxies and may specify the proportion or number of votes which each proxy is appointed to exercise. A form of proxy accompanies this Notice.

Voting Entitlement

The Company (as convener of the Meeting) has determined that a person's entitlement to vote at the Meeting will be the entitlement of that person set out in the register of members as at 5.30 pm on 6 June 2007.

This means that any Shareholder registered at 5.30 pm on 6 June 2007 is entitled to attend and vote at the Meeting.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum forms part of a Notice convening an Extraordinary General Meeting of shareholders of Bondi Mining Limited to be held on 8 June 2007. This Explanatory Memorandum is to assist shareholders in understanding the background to and the legal and other implications of the Notice and the reasons for the resolution proposed. Both documents should be read in their entirety and in conjunction with each other.

Background

On 28 March 2007 the Company announced that it had appointed Dr Richard Karel Valenta to be the Managing Director of the Company. Details of Dr Valenta's credentials are set out in that announcement. The purpose of this resolution is to obtain shareholder approval for the issue of shares and grant of options to Dr Valenta.

GLOSSARY

"**ASX**" means ASX Limited ACN 008 624 691;

"**ASX Listing Rules**" means the official listing rules of ASX;

"**Company**" or "**Bondi Mining Limited**" means Bondi Mining Limited ACN 120 723 426;

"**Meeting**" means the meeting of shareholders convened by the Notice;

"**Notice**" means the notice of meeting to which this Explanatory Memorandum is attached;

"**Shares**" means fully paid ordinary shares in the capital of the Company.

ANNEXURE

ISSUE OF SHARES AND GRANT OF OPTIONS IN BONDI MINING LIMITED

1. The proposed share issue and options grant to Dr Valenta requires the approval of shareholders pursuant to ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act.

Shareholder approval is required under ASX Listing Rule 10.11 and section 208 of the Corporations Act because Dr Valenta is a director of the Company and, as such, a related party of the Company.

2. For the purposes of ASX Listing Rule 10.13 and section 219 of the Corporations Act information regarding the share issue and options grant is provided as follows:

- (a) The Company is a mining and exploration company. Dr Valenta has been appointed as the managing director of the Company. He has a wealth of experience in the resources sector and comes to the Company with a significant reputation.
- (b) Dr Valenta has agreed to subscribe for 1,000,000 ordinary shares in the Company at an issue price of \$0.20 per share. The funds raised from the issue of these shares will be used to supplement the Company's working capital.
- (c) The Company proposes to grant a total of 1,500,000 incentive options to Dr Valenta. It is considered appropriate to issue incentive options to Dr Valenta as a key component of his remuneration in order to attract and retain his services and to provide incentive linked to the performance of the Company. There are no additional performance criteria on the incentive options given the speculative nature of the Company's activities and the small management team responsible for its running. It is considered the performance of Dr Valenta and the performance and value of the Company will be closely related. As such, the incentive options to be granted will only be of benefit if Dr Valenta performs to the level whereby the value of the Company increases sufficiently to warrant exercising the incentive options. It is considered that any additional performance criteria were not warranted.
- (d) The break down of the incentive options that Dr Valenta (or his nominee) will receive in accordance with the resolution is highlighted in the following table:

Name of Director	No. of Options	Exercise Price	Expiry Date	Value per Option	Total Value
Richard Karel Valenta	500,000	\$0.30	4 years from date of grant of options	\$0.13	\$65,148
Richard Karel Valenta	500,000	\$0.35	4 years from date of grant of options	\$0.125	\$62,254
Richard Karel Valenta	500,000	\$0.40	4 years from date of grant of options	\$0.119	\$59,657

- (e) Dr Valenta was appointed as a director of the Company on 23 April 2007.
- (f) In addition to the incentive options proposed to be issued, Dr Valenta will receive a salary of \$200,000 per annum from the Company.
- (g) Dr Valenta is also entitled to reimbursement of all reasonable travelling, accommodation and other expenses that he properly incurs in attending meetings of directors or any meetings of committees of directors, in attending meetings of members or in connection with the business of the Company.
- (h) Dr Valenta and his associates currently hold no securities of the Company.
- (i) The incentive options are to be granted for no consideration.

- (j) Each incentive option entitles Dr Valenta to subscribe for one Share in the Company at the specified exercise price of \$0.30 per Share, \$0.35 per Share and \$0.40 per Share respectively exercisable on or before the expiry of the period of 4 years from the date of grant of the options. The incentive options will not be quoted on ASX. Further terms and conditions of the incentive options are set out in the Schedule appearing at the end of this Annexure. The options which have an exercise price of \$0.35 per Share do not vest in Dr Valenta until the first anniversary of the date of grant of those options and the options which have an exercise price of \$0.40 per Share do not vest in Dr Valenta until the second anniversary of the date of grant of those options.
- (k) The directors of the Company, other than Dr Valenta, recommend that shareholders vote in favour of the proposed resolution.
- (l) A valuation of the incentive options has been conducted and these values are included in paragraph (d) above.
- (m) The valuation imputes a total value of the incentive options to be issued to Dr Valenta at \$187,059. The value may increase or decrease after the date of the valuation as it will depend upon the future price of shares in the Company. The valuation has applied the Black-Scholes valuation methodology together with the following assumptions:
- (i) a volatility index of 80% based on the historic volatility of the Company's shares as well as the historic volatility of shares in other comparable resources companies traded on the ASX;
 - (ii) a deemed market value of \$0.386, being the volume weighted average price at which the Company's shares have traded on the ASX over 10 trading days up to 25 April 2007;
 - (iii) for the purposes of the valuation it is assumed that the incentive options will not be exercised any earlier than the expiration date;
 - (iv) a 50% discount for lack of marketability, due to the options being unlisted and the relatively illiquid underlying shares; and
 - (v) a risk free rate of 5.92% has been used.
- (n) The following table demonstrates the dilution of all other shareholdings in the Company, upon exercise of the incentive options issued to Dr Valenta assuming the Shareholders approve the proposed grant of the incentive options:
- | | |
|--|------------|
| Number of Shares on Issue | 35,900,000 |
| Shares issued assuming exercise of all the incentive options | 1,500,000 |
| Total Shares assuming exercise of all the incentive options | 37,400,000 |
| Dilution effect | 4.2% |
- (o) The market price of shares in the Company would normally determine whether Dr Valenta will exercise the incentive options or not. If the incentive options are exercised at a price that is lower than the price at which shares are trading on ASX, there may be a perceived cost to the Company.
- (p) No funds will be raised by the issue of the incentive options as they are being issued for no consideration.
- (q) Other than the information set out in this Explanatory Memorandum the directors believe that there is no other information that could reasonably be required by shareholders to consider the resolution.
- (r) If the resolution is passed, the shares to be issued and options to be granted to Dr Valenta will be issued and granted by 8 July 2007.

SCHEDULE

Terms and Conditions of Incentive Options

- The options held by the optionholder are exercisable in whole or in part at any time during the period of 4 years from the date of grant ("**Exercise Period**"). Options not exercised before the expiry of the Exercise Period will lapse.
- Options are exercisable by notice in writing to the Board delivered to the registered office of the Company and payment of the exercise price in cleared funds.
- The Company will not apply for official quotation on ASX of the options. The Company will make application for official quotation on ASX of new shares allotted on exercise of the options. Those Shares will participate equally in all respects with existing issued ordinary shares, and in particular new shares allotted on exercise of the options will qualify for dividends declared after the date of their allotment.
- Options can only be transferred with Board approval, except that if at any time before expiry of the Exercise Period the optionholder dies, the legal personal representative of the deceased optionholder may:
 - elect to be registered as the new holder of the options,
 - whether or not he becomes so registered, exercise those options in accordance with the terms and conditions on which they were granted, and
 - if the deceased has already exercised options, pay the exercise price in respect of those options.
- An optionholder may only participate in new issues of securities to holders of ordinary shares in the Company if the option has been exercised and shares allotted in respect of the option before the record date for determining entitlements to the issue. The Company must give prior notice to the optionholder of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules.
- If there is a bonus issue to the holders of ordinary shares in the capital of the Company, the number of ordinary shares over which the option is exercisable will be increased by the number of ordinary shares which the holder of the option would have received if the option had been exercised before the record date for the bonus issue.
- If the Company makes a rights issue (other than a bonus issue), the exercise price of options on issue will be reduced according to the following formula:

$$A = O - \frac{E [P - (S + D)]}{(N + 1)}$$

Where:

- A = the new exercise price of the option;
 - O = the old exercise price of the option;
 - E = the number of underlying ordinary shares into which one option is exercisable;
 - P = the average closing sale price per ordinary share (weighted by reference to volume) recorded on the stockmarket of ASX during the five trading days immediately preceding the ex rights date or ex entitlements date (excluding special crossings and overnight sales and exchange traded option exercises);
 - S = the subscription price for a security under the pro rata issue;
 - D = the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro rata issue); and
 - N = the number of securities with rights or entitlements that must be held to receive a right to one new security.
- If, during the currency of the options the issued capital of the Company is reorganised, those options will be reorganised to the extent necessary to comply with ASX Listing Rules.