



## HELIX RESOURCES LIMITED

A.C.N. 009 138 738 Incorporated in Western Australia

6th March 2007

[Shareholder name]  
[Shareholder address]  
[Shareholder address]

Dear Shareholder

### GENERAL MEETING OF SHAREHOLDERS

The Board of Directors have called a meeting of shareholders as explained in the attached Notice of Meeting to approve the allotment of Incentive Options to Directors, employees and consultants.

As outlined in the 2006 Annual Report, the departure of Executive Directors in July 2006 placed considerable pressure on Directors and Management to re-focus the Company, secure new projects and create value for shareholders. After taking cognisance of the "boom" conditions impacting the resource industry, the difficulty in securing staff and after reviewing potential replacement CEO candidates and the associated costs to attract them, the Board has concluded the Management and Director team in place is the most appropriate and cost effective way to achieve the strategic direction of the Company. The Board recognises the current team of experienced people should be remunerated at a level to recognise their contribution over the past 6 months and ensure they remain with the Company.

The exercise price set for the Options is the greater of 26 cents per share or 125% of the volume weighted average price at which the Company's ordinary shares are traded on ASX in the 10 consecutive trading days immediately prior to grant. The 26 cents represents a +80% premium to the average trading price for Helix shares over the preceding 3 months and ensures value accrues to the option recipients only after shareholders have received value. The proposed expiry date of 30<sup>th</sup> November 2008 means the Helix share price will have to increase significantly in the next 19 months before the Options have any value. Should the Options be paid up in the future, it will introduce a further \$1.43 million to assist with the Company's working capital requirements which is considered important.

Should the members reject the proposed option plan, the Board will revert to traditional cash payments to achieve the objectives detailed above.

I refer you to the attached Notice and Explanatory Statement and look forward to your support.

Yours sincerely,

**G J Wheeler**  
**Executive Chairman**

P.O. Box 825, West Perth, Western Australia 6872  
9 Richardson Street, West Perth, Western Australia 6005  
Telephone +61 8 9321 2644, Facsimile +61 8 9321 3909, Email: [helix@helix.net.au](mailto:helix@helix.net.au), Website: [helix.net.au](http://helix.net.au)

## NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of members of Helix Resources Limited (**Helix** or the **Company**) will be held on Tuesday, 10<sup>th</sup> April 2007 commencing at 10.00am at the Celtic Club, 48 Ord Street, West Perth, Western Australia.

The Explanatory Statement that accompanies and forms part of this Notice of General Meeting describes in more detail the matters to be considered. Proxy and Voting Entitlement Instructions are included on the Proxy Form accompanying this Notice of General Meeting. In accordance with Regulation 7.11.37 of the Corporations Regulations, the directors have determined that the identity of those entitled to attend and vote at the meeting is to be taken to be those persons who held shares in the Company as at 10.00 a.m. on 8<sup>th</sup> April 2007.

### AGENDA

#### SPECIAL BUSINESS

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

##### 1. Issue of Incentive Options to G J Wheeler

*"That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to grant 2,000,000 Incentive Options to Mr G J Wheeler (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** Helix will disregard any votes cast on this resolution by or on behalf of Mr Wheeler or any of associate of Mr Wheeler. However, Helix 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 chairperson of 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.

##### 2. Issue of Incentive Options to J denDryver

*"That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to grant 400,000 Incentive Options to Mr J denDryver (or his nominee) and otherwise on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** Helix will disregard any votes cast on this resolution by or on behalf of Mr denDryver or any associate of Mr denDryver. However, Helix 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 chairperson of 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. Issue of Incentive Options to G Dunbar

*"That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to grant 400,000 Incentive Options to Mr G Dunbar (or his nominee) and otherwise on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** Helix will disregard any votes cast on this resolution by or on behalf of Mr Dunbar or any associate of Mr Dunbar. However, Helix 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 chairperson of 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.

##### 4. Issue of Incentive Options to Employees and Consultants

*"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to grant up to 2,700,000 Incentive Options, within three months of the date of this meeting, to Employees and Consultants (or their nominees) of Helix on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** Helix will disregard any votes cast on this resolution by any person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed. However, Helix 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 chairperson of 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.

**BY ORDER OF THE BOARD**

A handwritten signature in black ink, appearing to read 'G J Wheeler', written in a cursive style.

**G J Wheeler**

**Executive Chairman**

**6<sup>th</sup> March 2007**

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# EXPLANATORY STATEMENT

## 1. INTRODUCTION

This Explanatory Statement has been prepared for the information of members of Helix Resources Limited ("Helix") in connection with the business to be conducted at a general meeting of members to be held at the Celtic Club, 48 Ord Street, West Perth, WA on Tuesday, 10<sup>th</sup> April 2007 at 10.00am.

This Explanatory Statement forms part of and should be read in conjunction with the accompanying Notice of General Meeting.

Shareholders should note that all the directors approved the proposal to put the resolutions to shareholders as outlined in the Notice of General Meeting and to prepare this Explanatory Statement.

### **General**

The Directors believe the success of the Company will depend in large measure on the skills and motivation of the people engaged in and overseeing the management of the Company's operations. It is therefore important that the Company is able to attract and retain people of the highest caliber, especially in the current environment where the resource industry is experiencing significant growth and experienced people are difficult to find and the cost of replacing them significant.

The issue of Options as part of the remuneration packages of directors, senior executives and key consultants is a well established practice of public listed companies and, in the case of the Company, has the benefit of conserving cash whilst properly rewarding directors, executives and consultants.

### **ASX Listing Rule Requirements**

For the purpose of Resolutions 1, 2 and 3, ASX Listing Rule 10.11 relevantly provides that prior approval of shareholders is required for the issue of equity securities to a related party. ASX Listing Rule 10.13 sets out the information to be provided to shareholders in the notice of meeting.

For the purpose of Resolution 4, ASX Listing Rule 7.1 relevantly provides that prior approval of shareholders is required for the issue of equity securities. ASX Listing Rule 7.3 sets out the information to be provided to shareholders in the notice of meeting.

### **Corporations Act 2001 Requirements**

Under the Corporations Act, the provision of any financial benefit requires shareholder approval pursuant to the related party provisions (Part 2E).

Messrs G J Wheeler, J denDryver and G Dunbar (the parties to which Resolutions 1, 2 and 3 relate) are considered "related parties" under section 228, whilst the issue of Incentive Options to them constitutes a "financial benefit" for this purpose.

Accordingly, the purpose of this notice is to seek the requisite shareholder approvals for the grant of the Incentive Options to Messrs Greg J Wheeler, John denDryver and Gordon Dunbar.

Sections 219 and 221 set out the information to be provided to shareholders in the notice of meeting and accompanying explanatory statement.

## 2. ISSUE OF INCENTIVE OPTIONS TO DIRECTORS - (Resolutions 1, 2 and 3)

For the purposes of sections 217 to 227 of the Corporations Act, and ASX Listing Rule 10.13, the following information is provided to shareholders to allow them to assess whether or not it is in the Company's interests to pass Resolutions 1, 2 and 3.

1. Mr G J Wheeler, Mr John denDryver and Mr Gordon Dunbar are the related parties to whom the proposed resolution would permit a financial benefit to be given. They are a related party to the Company by virtue of section 228 of the Corporations Act and ASX Listing Rule 19.12.

2. The maximum number of Incentive Options (being the nature of the financial benefit being provided) to be granted are as follows:

<b>Name</b>	<b>Position</b>	<b>Incentive Options</b>
Mr G J Wheeler	Executive Chairman, Chief Financial Officer and joint Company Secretary	2,000,000
Mr J denDryver	Non Executive Director	400,000
Mr G Dunbar	Non Executive Director	400,000

3. The Options referred to in Resolutions 1, 2 and 3 will be granted for nil consideration, accordingly no funds will be raised from the grant of the Incentive Options, and no loan will be provided by the Company to any of Mr Wheeler, Mr denDryver or Mr Dunbar.
4. The Incentive Options will be granted to the specified parties not later than one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated that the Incentive Options will be issued on one date.
5. The exercise price of the Incentive Options to be granted to Mr Wheeler, Mr denDryver or Mr Dunbar is the greater of 26 cents per share or 125% of the volume weighted average price at which the Company's ordinary shares are traded on ASX in the 10 consecutive trading days immediately prior to grant. The other terms and conditions of the Incentive Options are set out in Annexure "A" to this Explanatory Statement.
6. The purpose of the grant of the 2,000,000 Incentive Options to Mr Wheeler is to recognise his efforts in assisting the Company move forward following the loss of Executive management in July 2006, and to provide an incentive for future performance by Mr Wheeler as Executive Chairman & Chief Financial Officer of the Company. The Board considered the extensive experience and reputation of Mr Wheeler and the market price of securities in the Company when determining the number and exercise price of the Incentive Options to be issued to Mr Wheeler.
7. Mr Wheeler currently receives an annual salary of \$50,000 pa for acting as Chairman of Directors, together with approximately \$15,000 per month under a contract in acting as effective CEO, CFO and joint Company Secretary which is considered at the lower end of the commercial range for a person of his experience and the position he assumes. Mr Wheeler is not entitled to receive any other emoluments from the Company, and has not received any other emoluments from the Company in the past other than when acting as Non Executive Director he was paid at \$30,000 per annum.
8. The issue of 400,000 Incentive Options to Mr denDryver is to recognise his performance since joining the Board in November 2004, and to provide an incentive for Mr denDryver's future performance and commitment to the Company. The Board considered the experience and reputation of Mr denDryver, the market price of securities in the Company and the current market price when determining the number and exercise price of the Incentive Options to be issued to Mr denDryver.
9. Mr denDryver currently receives director's fees of \$40,000 pa, increased in mid July 2006 from \$30,000 pa. Mr denDryver has not received any other emoluments from the Company in the past.
10. The issue of 400,000 Incentive Options to Mr Dunbar is to recognise his performance since joining the Board in July 2006 and to provide an incentive for Mr Dunbar's future performance and commitment to the Company. The Board considered the experience and reputation of Mr Dunbar, the market price of securities in the Company and the current market price when determining the number and exercise price of the Incentive Options to be issued to Mr Dunbar.
11. Mr Dunbar currently receives director's fees of \$40,000 pa. Mr Dunbar has not received any other emoluments from the Company in the past.
12. The Company acknowledges that the grant of Incentive Options to Mr denDryver and Mr Dunbar are contrary to recommendation 9.3 of the ASX Good Corporate Governance and Best Practices Recommendations. However, the Directors consider the grant of the Incentive Options to Messrs denDryver and Dunbar reasonable in the circumstances, given the necessity to attract and retain the highest caliber of professionals to the Company, whilst maintaining the Company's cash reserves.

13. Excluding any securities proposed to be allotted to the related parties pursuant to Resolutions 1, 2 and 3, Messrs Wheeler, denDryver and Dunbar have a relevant interest in the securities set out below:

<b>Name</b>	<b>Shares</b>	<b>Options</b>
Mr G J Wheeler	1,350,000	Nil
Mr denDryver	Nil	Nil
Mr Dunbar	100,000	Nil

14. The price of the Company's shares over the preceding 12 months has ranged from a low of 6 cents on 21 September 2006 to a high of 27 cents on 19 February 2007. The latest available price of the Company's shares quoted on the ASX, prior to the date of this Explanatory Statement, on 6<sup>th</sup> March 2007 was 17.5 cents.
15. The Directors provide an indicative theoretical valuation of the Incentive Options proposed to be granted to the related parties under Resolutions 1, 2 and 3, using the Black & Scholes pricing model and based on the following assumptions:
- the Incentive Options expire on 30 November 2008 and are exercisable at \$0.26 each;
  - a current price per Share of \$0.215;
  - a volatility factor of 110%;
  - an interest rate of 6.1% (being the risk free interest rate on five year government bonds);
  - a discount factor of 50% has been applied due to the lack of marketability of the Options;
  - the valuations ascribed to the Incentive Options may not necessarily represent the market price of the Incentive Options at the date of the valuation; and
  - the valuation date for the Incentive Options was 20<sup>th</sup> February 2007.

Based on the above, the Incentive Options for Messrs Wheeler, denDryver and Dunbar have a theoretical value of \$0.05 each.

16. Messrs Wheeler, denDryver and Dunbar have an interest in the outcome of Resolutions 1, 2 and 3 respectively and therefore do not consider themselves justified in making a recommendation in respect of those Resolutions. There is no other information known to the Directors or the Company that is reasonably required by shareholders to make a decision whether or not it is in the Company's interests to pass Resolutions 1, 2 and 3, other than as set out throughout this Explanatory Statement (including the current entitlements of the Directors to securities in the Company).
17. If the Incentive Options granted to Messrs Wheeler, denDryver and Dunbar pursuant to Resolutions 1, 2 and 3 are paid up, a total of 2,800,000 Shares would be allotted and issued. This will increase the number of Shares on issue from 95,827,956 Shares to 98,627,956 Shares with the effect that there will be a dilution of the issued share capital of approximately 2.9% with no dilution in cash backing per share as the price to be paid is higher than the current market price. In addition, if the Incentive Options granted pursuant to Resolution 4 are paid up, the increase in Shares on issue of 5,500,000 Shares would result in total Shares on issue of 101,327,956 with an effective dilution on the issued share capital of approximately 5.7%. The dilution percentages referred to earlier will reduce to 2.4% and 4.6% respectively if the 19,139,475 31 March 2007 options are exercised at \$0.14.
18. The Directors do not consider that there are any opportunity costs to the Company or benefits foregone by the Company in respect of the proposed issue of Incentive Options other than, if the Incentive Options are exercised at a time when the market price of the Company's shares is greater than the exercise price of the Incentive Options, there may be a perceived cost to the Company insofar as the Company will issue Shares at a price lower than it might otherwise have been able to, with the result that less funds will be raised.

### 3. ISSUE OF INCENTIVE OPTIONS TO EMPLOYEES AND CONSULTANTS (Resolution – 4)

19. Resolution 4 of the Notice of General Meeting proposes the grant of up to 2,700,000 Incentive Options to employees and consultants of Helix. The purpose of the allotment of the shares is to provide a performance incentive to employees and selected consultants. The Options to be allotted will not be quoted on the ASX and are non-transferable. The Incentive Options must be exercised on or before 30 November 2008 and will be issued for nil consideration. No directors or their associates will participate in the allotment of Incentive Options approved under Resolution 4.
20. In compliance with the information requirements of ASX Listing Rule 7.3 members are advised of the following particulars in relation to the proposed issue of Options:

Maximum number of Options to be issued	2,700,000
Date by which the Company will issue Options	No later than three months after the date of the meeting
Exercise price of the Options to be issued	The greater of 26 cents per share or 125% of the volume weighted average price at which the Company's ordinary shares are traded on ASX in the 10 consecutive trading days immediately prior to grant
Exercise date	On or before 30 November 2008
Names of the allottees	The names of the allottees are still to be determined, but will be selected employees and consultants of Helix
Terms of issue	Will be issued on the terms and conditions as outlined in Appendix "A"
Intended use of funds raised	There is only a potential \$702,000 being raised from the exercise as it is an incentive for work to be performed for the Company. Funds will be applied to working capital.
Dates of allotment	Allotment will occur progressively

### 4. DEFINITIONS

<b>ASX</b>	means Australian Stock Exchange Limited
<b>ASX Listing Rules</b>	means the official listing rules of ASX
<b>Director</b>	means a director of the Company
<b>Incentive Options</b>	means an option on the terms and conditions as specified in Annexure "A"
<b>Helix or the Company</b>	means Helix Resources Limited (ACN 009 138 738)
<b>Share</b>	means a fully paid ordinary share in the capital of the Company

## ANNEXURE "A"

### Terms and Conditions of Incentive Options

The Incentive Options granted will entitle the holder to subscribe for and be allotted Shares as follows:

- (i) each Incentive Option issued entitles the holder to subscribe for and be allotted one Share upon payment of the exercise price, being the greater of \$0.26 or 125% of the volume weighted average price at which the Company's ordinary shares are traded on the ASX in the 10 consecutive trading days immediately prior to grant (**Exercise Price**).
- (ii) the Incentive Options shall expire at 5.00pm Perth time on 30 November 2008 (**Expiry Date**).
- (iii) the Incentive Options shall be exercisable wholly or in part by notice in writing to the directors of the Company at any time until the Expiry Date on payment of the Exercise Price.
- (iv) the Incentive Options shall lapse 12 months after the option holder ceases to hold office as a director or employee of the Company.
- (v) the Incentive Options are non-transferable and no application will be made to the ASX for Official Quotation of the options.
- (vi) there are no participating rights or entitlements inherent in the Incentive Options and holders of the Incentive Options will not be entitled to participate in new issues of capital which may be offered to shareholders during the currency of the Incentive Options.

However, Incentive Option holders have the right to exercise their Incentive Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Incentive Options, and will be granted a period of at least 10 business days before the date for determining entitlements to exercise the Incentive Options.

- (vii) within 10 business days of receipt of a properly executed option notice and the required application monies the number of shares specified in the notice will be allotted.
- (viii) shares issued on the exercise of the Incentive Options will rank pari-passu with the then existing issued ordinary shares. The Company will apply for Official Quotation by ASX of all shares issued upon exercise of the Incentive Options within fourteen business days after the date of allotment of those shares.
- (ix) in the event of any reorganisation (including reconstruction, consolidation, subdivision, reduction or return) of the issued capital of the Company, the Incentive Options will be reorganised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged..

**PROXY FORM**

The Secretary  
 Helix Resources Limited  
 PO Box 825,  
 West Perth WA 6005  
 FAX:- (08) 9321 3909

I/We (full name) \_\_\_\_\_  
 of \_\_\_\_\_  
 being a member(s) of Helix Resources Limited, hereby appoint as my/our proxy

of \_\_\_\_\_  
 or, failing him/her the Chairperson of the Meeting to attend and vote for me/us at the general meeting of the Company to be held at 10.00am on Tuesday, 10<sup>th</sup> April 2007 and at an adjournment thereof in respect of \_\_% of my/our shares or, failing any number being specified, ALL of my/our shares in the Company.

Usual Signature \_\_\_\_\_ Usual Signature \_\_\_\_\_  
 Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2007.

**RESOLUTIONS**

	FOR	AGAINST	ABSTAIN
<b>Resolution 1 – Issue of Incentive Options to Mr Wheeler</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 2 – Issue of Incentive Options to Mr denDryver</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 3 – Issue of Incentive Options to Mr Dunbar</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 4 – Issue of Incentive Options to Employees and Consultants of Helix</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

***If the Member is a Company***

Signed in accordance with the constitution of the company (affix common seal if applicable)

\_\_\_\_\_  
 Director/Sole Director                      Director/Secretary                      Sole Director and Sole Secretary

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2007.

**INSTRUCTIONS AS TO VOTING**

If you wish to direct your proxy how to vote with respect to the proposed resolutions, please indicate the manner in which your proxy is to vote by placing a "X" in the appropriate box for each Resolution, otherwise your proxy will vote as he/she thinks fit or abstain from voting.

If the Chairman 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, please place a mark in this box.  OR

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution. The Chairman intends to vote in favour of each resolution.

**NOTES**

1. A member entitled to attend and vote is entitled to appoint not more than two proxies.
2. Where more than one proxy is appointed and that appointment does not specify the proportion or number of the member's votes, each proxy may exercise half of the votes.
3. A proxy need not be a member of the Company.
4. A proxy is not entitled to vote unless the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed is either deposited at the registered office of the Company, posted to PO Box 825 West Perth 6005 or sent by facsimile to Fax: 08 9321 3909 to be received not less than 48 hours prior to the time of the meeting.
5. If the member is a company it must execute under its Common Seal or otherwise in accordance with 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; or

- 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.

6. The Corporations Act 2001 does not allow the Chairman to vote undirected proxies in the case of Resolutions 1, 2 and 3.