

Notice of Annual General Meeting

CODAN LIMITED ABN 77 007 590 605

Notice is hereby given that the annual general meeting of the shareholders of Codan Limited (**Company or Codan**) will be held at 11.00 am (Adelaide time) on Wednesday 22 October 2008 at the Hilton Hotel, 233 Victoria Square, Adelaide SA 5000 for the purpose of transacting the business referred to in this Notice of Annual General Meeting (**Notice**).

The Explanatory Memorandum that accompanies and forms part of this Notice describes the matters to be considered.

Agenda

Ordinary Business

A. Financial Statement and Reports

'To receive and consider the financial statements of the Company for the period ending 30 June 2008, and the related Directors' Report, Directors' Declaration and Auditors' Report.'

The Annual Report of the Company is now available on the following website at www.ereport.net.au/cda

B. To consider, and if thought fit, to pass, with or without modification, the following resolutions each as an **Ordinary Resolution**:

1. **Resolution 1: Election of Mr David James Simmons**

'To elect as a Director of the Company Mr David James Simmons who, having been appointed as an addition to the Board since the last Annual General Meeting of the Company, resigns and being eligible, offers himself for election.'

2. **Resolution 2: Election of Lieutenant General Peter Leahy**

'To elect as a Director of the Company Lieutenant General Peter Leahy who, having been appointed as an addition to the Board since the last Annual General Meeting of the Company, resigns and being eligible, offers himself for election.'

3. **Resolution 3: Re-election of Dr Geoffrey David Klingner**

'To elect as a Director of the Company Dr Geoffrey David Klingner who retires by rotation and being eligible, offers himself for re-election.'

4. **Resolution 4: Re-election of Mr Peter Royston Griffiths**

'To elect as a Director of the Company Mr Peter Royston Griffiths who retires by rotation and being eligible, offers himself for re-election.'

5. **Resolution 5: Remuneration Report**

'To adopt the remuneration report as set out in the 2008 Annual Report.'

Note: The vote on this resolution does not bind the Directors of the Company.

Special Business

To consider, and if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution**:

6. Resolution 6 – Approval of the grant of Performance Rights to Mr Michael Heard

"That, for the purposes of ASX Limited Listing Rule 10.14 and for all other purposes, shareholders approve the grant to Mr Michael Heard, a director of the company, of 320,000 performance rights in accordance with the Performance Rights Plan approved by the shareholders of the Company on 1 November 2004 and otherwise on the terms and conditions set out in the accompanying Explanatory Memorandum."

If Resolution 6 is approved by shareholders of the Company for the purposes of ASX Listing Rule 10.14, in accordance with exception 4 of ASX Listing Rule 10.12, separate approval is not required under ASX Listing Rule 10.11.

The primary purpose of the grant of the performance rights is not to raise capital, but to provide an appropriate incentive to Mr Heard, as Managing Director and Chief Executive Officer, to improve the performance of the Company, and align his interests with the interests of shareholders.

Mr Heard is the only Director of the Company who is entitled to participate in the Performance Rights Plan.

The Company will disregard any votes cast on this ordinary resolution by Mr Michael Heard and any associate of Mr Michael Heard. However, the Company will not disregard a vote if:

- (a) it is cast by Mr Michael Heard as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form; or
- (b) it is cast by Mr Michael Heard who is chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

To consider, and if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution**:

7. Resolution 7 – Approval of financial assistance to be given by Minelab Electronics Pty Ltd

"That, for the purposes of section 260B(2) of the Corporations Act 2001 (Cth) and for all other purposes, the shareholders of the Company approve the financial assistance to be given by Minelab Electronics Pty Ltd, a wholly owned subsidiary of the Company, on such terms and conditions as set out in the accompanying Explanatory Memorandum."

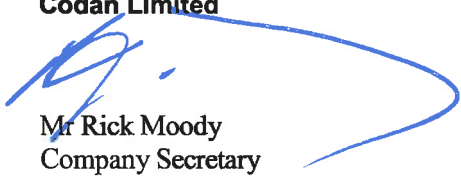
Other Business

To deal with any other business that may legally be brought forward in accordance with the *Corporations Act 2001 (Cth)*.

Explanatory Memorandum

An Explanatory Memorandum in respect of the resolutions detailed above is enclosed with this Notice.

**By order of the Board of
Codan Limited**

A handwritten signature in blue ink, consisting of a stylized 'R' followed by a large, sweeping loop that extends to the right and then curves back down.

Mr Rick Moody
Company Secretary

Dated: 19 September 2008

Voting Entitlements

The Company has determined that, in accordance with Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Company's shares quoted on ASX at 7:00 pm (Adelaide time) on Monday 20 October 2008, will be taken, for the purposes of the Annual General Meeting, to be held by the persons who held them at that time. Accordingly, those persons are entitled to attend and vote at the meeting.

Proxies

A shareholder who is entitled to attend and vote at the Annual General Meeting may appoint up to two proxies to attend and vote on behalf of that shareholder. A proxy form is included with this Notice of Annual General Meeting. If you require an additional proxy form, please contact Computershare Investor Services Pty Limited, GPO Box 1903, Adelaide, SA 5001, Australia.

If a shareholder appoints two proxies, the appointment of the proxies may specify the proportion or the number of that shareholder's votes that each proxy may exercise. If the appointment does not so specify, each proxy may exercise half of the votes. Fractions of votes will be disregarded.

A proxy need not be a shareholder of the Company.

To be effective, the Company must receive the completed proxy form and, if the form is signed by the shareholder's attorney, the authority under which the proxy form is signed (or a certified copy of the authority) by no later than 11.00 am (Adelaide time) on Monday 20 October 2008.

The proxy's appointment and, if applicable, the authority appointing an attorney, must be sent by post or fax to the Company's share registrar, Computershare Investor Services Pty Limited, as listed below:

Mail:	Fax:
Codan Limited C/- Computershare Investor Services Pty Limited GPO Box 242 Melbourne VIC 3001 Australia	Codan Limited C/- Computershare Investor Services Pty Limited Fax: +618 8236 2305

Proxies given by corporate shareholders must be executed in accordance with their constitutions, or signed by a duly authorised officer or attorney.

A proxy may decide whether to vote on any motion, except where the proxy is required by law or the constitution to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on an item of business, the proxy may vote on that item only in accordance with the direction. If a proxy is not directed how to vote on an item of business, the proxy may vote as he or she thinks fit.

If a shareholder appoints the chairperson of the meeting as the shareholder's proxy and does not specify how the chairperson is to vote on an item of business, the chairperson will vote, as proxy for that shareholder, in favour of that item on a poll.

Codan Limited
ABN 77 007 590 605

Explanatory Memorandum

This Explanatory Memorandum has been prepared for the information of shareholders of the Company (**Shareholders**) in connection with the Annual General Meeting (**AGM**) of members to be held at 11.00 am (Adelaide time) on Wednesday 22 October 2008 at the Hilton Hotel, 233 Victoria Square, Adelaide SA 5000.

This Explanatory Memorandum should be read in conjunction with the accompanying Notice and is a brief explanation of the matters contained in the Notice.

Ordinary Business - Agenda Item A

Financial Statements and Reports

The *Corporations Act 2001* (Cth) (**Act**) requires the financial report (which includes the Financial Statements and Directors' Declaration), the Directors' Report and Auditor's Report to be laid before the AGM. There is no requirement either in the Act or the Company's Constitution for Shareholders to approve the Financial Report, the Directors' Report or the Auditor's Report. Shareholders will be given a reasonable opportunity at the meeting to ask questions and make comments on these reports.

The auditor of the Company or their representative will be available to receive questions relevant to:

- (a) the conduct of the audit;
- (b) the preparation and content of the Auditor's Report;
- (c) the accounting policies adopted by the Company in relation to the preparation of the Financial Statements; and
- (d) the independence of the auditor in relation to the conduct of the audit.

A Shareholder who is entitled to cast a vote at the AGM may submit a written question to the auditor if:

- (a) the question is relevant to:
 - (i) the content of the Auditor's Report to be considered at the AGM; or
 - (ii) the conduct of the audit of the annual financial report to be considered at the AGM; and
- (b) the Shareholder gives the question to the Company no later than the fifth business day before the day on which the AGM is held.

Ordinary Business - Agenda Item B

1. Resolution 1: Election of Mr David James Simmons

Mr Simmons has worked in the manufacturing industry throughout his career and has extensive financial and general management experience. Mr Simmons joined Hills Industries Limited in 1984 where he was appointed Finance Director in 1987 and Managing Director in 1992. He

retired from Hills Industries Limited in June 2008. He is Chairman of Korvest Ltd and the South Australian Centre for Innovation. He is a board member of Thomson Playford lawyers and is a former chairman of the SA Government Economic Development Board.

Mr Simmons was appointed by the board of directors of the Company (**Board**) as a non-executive Director with effect from 5 May 2008. Under the Constitution of the Company and the ASX Listing Rules, a director who is appointed by the Board may only hold office until the next AGM of the Company.

Accordingly, Mr Simmons resigns and being eligible, offers himself for election as a Director of the Company.

Directors' Recommendation

The Directors (other than Mr Simmons, who makes no recommendation) unanimously recommend that Shareholders approve Resolution 1 for the election of Mr Simmons as a Director of the Company.

2. Resolution 2: Election of Lieutenant General Peter Leahy

Lieutenant General Peter Leahy, AC retired from the Army, as Chief of Army, in July 2008. During his 37 year career he served in a wide variety of command, training, research and strategic appointments in Australia and overseas.

During his 6 year appointment as Chief of Army, the Army had its busiest operational period since the Vietnam War with multiple, concurrent, large scale, war fighting deployments to Afghanistan and Iraq and complex stabilization deployments to East Timor and The Solomon Islands.

His formal duties as Chief of Army were to advise the Government and Chief of the Defence Force on Army matters and to raise, train and sustain the Army. He was involved in the preparation of defence strategic assessments and plans, the development of Army capabilities and the maintenance of Army preparedness. He was also responsible for the leadership of the Army and the maintenance of professional standards within the Army.

As well as being Chairman of Army's senior board he was also a member of the Defence Committee, the Chiefs of Service Committee, the Council of the Australian War Memorial and the Defence Housing Authority.

Among his qualifications he holds a BA (Military Studies) a Masters of Military Arts and Science and is a Graduate of the Australian Institute of Company Directors.

Lieutenant General Peter Leahy was appointed by the Board as a non-executive Director of the Company with effect from 19 September 2008. Under the Constitution of the Company and the ASX Listing Rules, a director who is appointed by the Board may only hold office until the next AGM of the Company.

Accordingly, Lieutenant General Peter Leahy resigns and being eligible, offers himself for election as a non-executive Director of the Company.

Directors' Recommendation

The Directors (other than Lieutenant General Peter Leahy, who makes no recommendation) unanimously recommend that shareholders approve Resolution 2 for the election of Lieutenant General Peter Leahy, as a Director of the Company.

3. Resolution 3: Re-election of Dr Geoffrey David Klingner

Dr Klingner, a geologist, was previously employed by Rio Tinto where he was engaged in a number of senior roles involving business leadership, project development and worldwide exploration activities, and where he gained extensive experience in the establishment and management of overseas operations. He is a former chairman of Coal & Allied Industries Ltd, Bougainville Copper Limited and the World Coal Institute. He was appointed as a director of Energy Resources of Australia Limited in July 2004 and is presently chairman.

Dr Klingner was first appointed by the Board as a non-executive Director on 19 December 2004 and was re-elected at the 2005 AGM. Dr Klingner was appointed as Chairman of the Company with effect from 25 May 2007.

Under the Constitution of the Company Dr Klingner is required to retire by rotation being the longest serving Director on the Board, notwithstanding the fact that under the Constitution of the Company and the ASX Listing Rules, a director must not hold office beyond the third AGM following the day on which the director was last elected or appointed.

Accordingly, Dr Klingner resigns and being eligible, offers himself for re-election as a non-executive Director of the Company. If he is elected, the Board intends to reappoint Dr Klingner as the Chairman of the Company.

Directors' Recommendation

The Directors (other than Dr Klingner, who makes no recommendation) unanimously recommend that shareholders approve Resolution 3 for the re-election of Dr Klingner as a Director of the Company.

4. Resolution 4: Re-election of Mr Peter Royston Griffiths

Mr Griffiths was first appointed to the board in July 2001, following his retirement as a senior executive of Coca-Cola Amatil Limited. Mr Griffiths has extensive global experience having worked in Central / Eastern Europe and South East Asia for Coca-Cola Amatil Limited. At various times he was company secretary, chief financial officer and managing director of C-C Bottlers Limited and held board positions in Australia, New Zealand and the USA. He is a Certified Practising Accountant and has been president of the South Australian branch of the Financial Executives Institute as well as federal president of the Australian Soft Drink Industry.

Mr Griffiths was re-elected to the Board as a non-executive Director at the 2006 AGM.

In addition to the requirement under the Constitution of the Company for Dr Klingner to resign by rotation, the next longest serving Director is also required to resign and may also offer himself for re-election. Both Mr Peter Royston Griffiths and Mr Ian Baker Wall were appointed at the 2006 AGM and as such the decision by either of them to resign would satisfy the requirements of the Constitution of the Company. Mr Griffiths has elected to retire by rotation.

Accordingly, Mr Griffiths resigns and being eligible, offers himself for re-election as a non-executive Director of the Company.

Directors' Recommendation

The Directors (other than Mr Griffiths, who makes no recommendation) unanimously recommend that shareholders approve Resolution 4 for the re-election of Mr Griffiths as a Director of the Company.

5. Resolution 5: Remuneration Report

The Company's remuneration report is submitted to shareholders for consideration and adoption under a non-binding vote.

The Directors' Report for the period ended 30 June 2008 contains a remuneration report, which sets out the policy for the remuneration of the Directors, company secretaries and the senior executives.

The Act requires that a resolution be put to a vote that the remuneration report be adopted. The Act expressly provides that the vote is advisory only, and does not bind the Directors or the Company.

Shareholders attending the AGM will be given a reasonable opportunity to ask questions about, or make comments on, the remuneration report.

Special Business

6. Resolution 6: Approval of the issue of Performance Rights to Mr Michael Heard

Background

At the 2004 AGM, shareholders approved the establishment of a plan called the Performance Rights Plan (**Plan**) for the provision of incentives to employees of the Company and its subsidiaries, the issue of rights over shares, and the issue and transfer of shares to employees under the Plan and the provision of benefits to those employees. Copies of the Plan Rules are available on the Company's website www.codan.com.au. A brief summary of the Plan Rules are set out below.

The Plan is designed to provide executives with an incentive to maximise the return to shareholders over the long term, and assist in the attraction and retention of key executives.

Since the approval of the Plan at the 2004 AGM no securities have been issued by the Company to any person.

Reason for shareholder approval

ASX Listing Rule 10.14 requires shareholder approval for the issue of securities to a Director under the Plan. Accordingly shareholder approval is sought to grant Mr Heard, the Managing Director of the Company, rights to shares under the Plan and for the subsequent issue of those shares to Mr Heard, should those rights vest.

The rights to ordinary shares in the Company (**Shares**) under the Plan (**Performance Rights**) to be granted to Mr Heard are in effect conditional entitlements, which may vest subject to the satisfaction of performance hurdles, details of which are summarised below.

Issue of Performance Rights

The Company proposes to issue 320,000 Performance Rights to Mr Heard on 23 October 2008 and in any event no later than 1 month after the date of the AGM.

The number of Performance Rights has been calculated in accordance with the following formula:

$$0.4 \quad \times \quad \frac{\text{Fixed Pay}}{\$ 0.75}$$

Fixed pay equates to Mr Heard's total remuneration package which is \$600,000.

\$0.75 is the volume weighted average of the prices at which the Company's shares were traded on ASX for the five trading days, commencing on 29 August 2008 and ending on 4 September 2008.

Rights attaching to Performance Rights

A Performance Right is a right to acquire one ordinary share in the Company, which can be exercised once the Performance Right has become exercisable and provided it has not lapsed.

A Performance Right does not give the holder a legal or beneficial right to shares in the Company and does not enable the participating executive, in this case Mr Heard, to receive dividends or any other shareholder benefit by virtue of the issue of these rights.

Exercise of Performance Rights

Performance Rights are exercisable if:

- the Company meets a performance hurdle during the performance period;
- an event occurs such as a takeover bid for or the winding up of the Company; or
- the Board allows early exercise on the cessation of employment.

Performance Hurdle

The Performance Rights will vest and become exercisable if the Performance Hurdle is satisfied over the Performance Period. Accordingly the following principles will apply:

- the Performance Hurdle will be met if the Company exceeds the aggregate Threshold earnings per share (**eps**) over the Performance Period as set out in the table below;
- the total number of Performance Rights will vest and be exercisable if the Company equals or exceeds the aggregate Range eps as set out in the table below;
- if the Company achieves an aggregate eps greater than the Threshold eps but less than the aggregate Range eps, the number of Performance Rights that will vest and be exercisable, will be calculated in accordance with the following formula:

$$A = (B-C)/(D-C) \times E$$

Where:

A = the number of Performance Rights that will vest and become exercisable (subject to a maximum number equal to the number of Performance Rights issued as set out above)

B = the aggregate actual eps over the Performance Period

C = the aggregate Threshold eps

D = the aggregate Range eps

E = the number of Performance Rights issued as set out above.

On the exercise of the Performance Rights by Mr Heard, the number of Shares acquired will be rounded down to the nearest whole number where relevant.

Performance Hurdle

Year ended	Threshold eps	Range eps
30 June 2008 (underlying base eps)	6.5	6.5
30 June 2009	6.825	7.475
30 June 2010	7.166	8.596
30 June 2011	7.525	9.886
Aggregate - 3 years to 30 June 2011	21.516	25.957

If an eps figure for a particular year is not achieved, the Threshold eps or Range eps will still be met if the aggregate eps in the Performance Period is equal to or exceeds the amounts set out in the table above.

The Performance Hurdle Threshold is broadly equivalent to the Company achieving an aggregate compound annual growth rate of 5% per annum in respect of eps for the Performance Period.

The Performance Hurdle Range is broadly equivalent to the Company achieving an aggregate compound annual growth rate of 15% per annum in respect of eps for the Performance Period.

Performance Period

The Performance Period is the period commencing on 1 July 2008 and ending on 30 June 2011.

Exercise Price

Mr Heard will not be required to pay for the Performance Rights. Furthermore, once exercisable, the Board will not require Mr Heard to pay an exercise price to exercise the Performance Rights.

Exercise Period

Once the Performance Rights have become exercisable Mr Heard will need to exercise those rights within 12 months from the date on which they vest and become exercisable or they will lapse and there will be no further entitlement to any Shares. This period may be shortened by the Board if Mr Heard ceases to be employed and the Performance Rights have not lapsed.

Bonus issue and capital reconstruction of the Company

The number of Shares to which Mr Heard will become entitled to on exercise of the Performance Rights will be adjusted to take account of any bonus issues, rights issues or reconstructions which

the Company undertakes between the date of allocation of the Performance Rights and the exercise of those rights.

Cessation of employment

Performance Rights lapse immediately if Mr Heard's employment with the Company is terminated for misconduct or any other reason justifying termination without notice.

In the case of death or permanent disablement, redundancy, retirement or where the employment is terminated by agreement between the Company and Mr Heard, or because the Company has sold a business:

- Performance Rights which have otherwise become exercisable remain exercisable up until the end of the exercise period; and
- the Board has a discretion to treat the remaining performance rights as exercisable and to set the exercise period for them.

In all other cases where employment ceases Performance Rights lapse immediately unless they have otherwise become exercisable in which case they lapse at the end of 30 days.

Restriction on the disposal of Shares

The Board has determined that there will be no trading restriction on the Shares issued on exercise of the Performance Rights.

Forfeiture of Shares

Shares issued to Mr Heard on exercise of his Performance Rights (once they have vested and become exercisable), may be forfeited if Mr Heard perpetrates fraud against the Company or any of its subsidiaries (**Codan Group**), acts dishonestly or breaches his obligations to any member of the Codan Group.

The right of the Company to cause the shares to be forfeited, which have been issued on exercise of the Performance Rights, expires on the termination of Mr Heard's employment otherwise than as a result of fraud, dishonesty or a breach of his obligations to the Codan Group, upon the sale or transfer of those Shares or on the day following the expiry of the 10 year period from the date on which the Performance Rights upon which the exercise of those Shares were granted.

Directors' Recommendation

Other than Mr Heard, the Directors unanimously recommend that Shareholders approve the grant of the Performance Rights contemplated by Resolution 6.

7. Resolution 7 – Approval of financial assistance to be given by Minelab Electronics Pty Ltd

Background

The Company announced on 29 February 2008, that it had completed the acquisition of the entire issued share capital of Minelab Electronics Pty Ltd (ACN 008 208 446) (**Minelab**) (**Acquisition**). Following completion of the Acquisition, the Company became the listed holding corporation of Minelab.

The Acquisition was entirely funded through debt facilities provided by Australia and New Zealand Banking Group Limited and Commonwealth Bank of Australia (**Lenders**) in accordance with the terms of separate multicurrency revolving debt and other facilities agreements (**Facility Agreements**) entered into with each of the Lenders prior to completion of the Acquisition.

A number of the subsidiaries of the Company have provided unlimited guarantees and various undertakings to the Lenders in respect of the facilities provided under the Facility Agreements. It is proposed that Minelab (together with its wholly owned subsidiary Parketronics Pty Ltd (ACN 008 209 685)(**Parketronics**)) will accede to the Facility Agreement and become an additional guarantor. It is very common for newly acquired subsidiaries, such as Minelab (and Parketronics) to provide guarantees and undertakings of the nature outlined above and set out in the Facility Agreements. The provision of these additional guarantors is a condition subsequent under the terms of the Facility Agreements.

Giving of financial assistance

The accession of Minelab as an additional guarantor under the Facility Agreements and the performance by Minelab of its rights and obligations under the Facility Agreements as described above, constitutes the giving of financial assistance in connection with the Acquisition, within the meaning of Part 2J.3 of the Act.

Under section 260A(1) of the Act, any such financial assistance given by a company in connection with the acquisition of its shares must be approved by the shareholders by a special resolution passed as a general meeting of that company, in this case Minelab.

In addition, if, immediately after the relevant acquisition, a company will be a subsidiary of another corporation that is listed in Australia, then section 260B(2) of the Act requires that the financial assistance must also be approved by a special resolution passed at a general meeting of that corporation, in this case, the Company.

Approval by a special resolution of the shareholders of the Company

In accordance with section 260B of the Act, it is proposed that the giving by Minelab of the financial assistance be approved by a special resolution passed at the AGM.

The reason for the giving of the financial assistance described above is to enable the Company to comply with certain of its obligations under the Facility Agreements. In particular, the Company is obliged to procure certain subsidiaries to guarantee the obligations of the Company and various of its subsidiaries (**Codan Group**) who are borrowers and guarantors under the Facility Agreements.

If such obligations are not complied with, an 'event of default' will occur under the Facility Agreements, and the amounts drawn down under the Facility Agreements may be required to be repaid to the Lenders.

As the Company is already liable for the amounts payable under the Facility Agreements, the giving of the financial assistance described in this Explanatory Memorandum by Minelab is unlikely to have any adverse effect on the Company (or Minelab).

The Company considers that the provision of financial assistance by Minelab in connection with the Acquisition and the granting of the guarantees required under the Facility Agreements are in the best interests of the Company and the Codan Group. The continued provision of finance facilities under the Facility Agreements will facilitate the continuation of the business and the activities of the Codan Group. Minelab (and Parketronics) are solvent and will each be solvent at

the time it will be required to become a party to the Facility Agreements, and in doing so Minelab (and Parketronics) will not become insolvent.

In accordance with section 260B(4) of the Act, this Explanatory Memorandum sets out all the information known to the Company which is material to the decision of the Shareholders on how to vote on the special resolution.

Directors' Recommendation

The directors unanimously recommend that the Shareholders approve the giving of financial assistance by Minelab in connection with the Acquisition contemplated by Resolution 7.