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KESTREL ENERGY INC
Form DEF 14A
October 27, 2003

SCHEDULE 14A
PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE
SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant [X]
Filed by a Party other than the Registrant []

Check the appropriate box:

- [] Preliminary Proxy Statement [] Confidential, For Use of the Commission Only
[X] Definitive Proxy Statement (as permitted by Rule 14a-6(e) (2))
[] Definitive Additional Materials
[] Soliciting Materials Pursuant to Rule 14a-11(c) or Rule 14a-12

KESTREL ENERGY, INC.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- [X] No fee required.
[] Fee computed on table below per Exchange Act Rules 14a-6(i) (1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

[] Fee paid previously with preliminary materials:

[] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a) (2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

- (1) Amount previously paid: _____
(2) Form, Schedule or Registration Statement no.: _____
(3) Filing Party: _____
(4) Date Filed: _____

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KESTREL ENERGY, INC.
1726 COLE BOULEVARD, SUITE 210
LAKEWOOD, COLORADO 80401
(303) 295-0344

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD DECEMBER 4, 2003
10:00 A.M.

To Our Shareholders:

We strongly encourage your attendance and participation at the Annual Meeting of Shareholders of Kestrel Energy, Inc., which will be held at 10:00 a.m. on Thursday, December 4, 2003, at the offices of the Company at 1726 Cole Boulevard, Suite 210, Lakewood, Colorado for the following purposes:

1. To elect seven directors to the Board;
2. To approve and ratify the selection of Wheeler Wasoff, P.C. as the Company's independent certified public accountants and auditors for the fiscal year ending June 30, 2004; and
3. To transact such other business as may properly come before the meeting.

A Proxy Statement explaining the matters to be acted upon at the meeting is enclosed.

The Board of Directors has designated October 21, 2003 as the record date for determining shareholders entitled to notice of and to vote at the Annual Meeting.

THE BOARD OF DIRECTORS WOULD LIKE TO EMPHASIZE THE IMPORTANCE OF EXERCISING YOUR RIGHTS AS SHAREHOLDERS TO VOTE ON THE ISSUES DESCRIBED IN THE ENCLOSED PROXY STATEMENT. THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF DIRECTORS, AND APPROVE AND RATIFY THE SELECTION OF WHEELER WASOFF, P.C.

YOU ARE URGED TO COMPLETE, SIGN, DATE AND RETURN THE ENCLOSED PROXY IN THE ENVELOPE PROVIDED AS PROMPTLY AS POSSIBLE.

October 27, 2003

Barry D. Lasker
President

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KESTREL ENERGY, INC.
1726 COLE BOULEVARD, SUITE 210
LAKEWOOD, COLORADO 80401

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD DECEMBER 4, 2003
10:00 A.M.

THE ENCLOSED PROXY IS SOLICITED BY THE BOARD OF DIRECTORS OF KESTREL ENERGY, INC., A COLORADO CORPORATION (THE "COMPANY"), FOR USE AT THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD AT THE OFFICES OF THE COMPANY AT 1726 COLE BOULEVARD, SUITE 210, LAKEWOOD, COLORADO ON THURSDAY, DECEMBER 4, 2003 AT 10:00

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A.M., MOUNTAIN STANDARD TIME, AND AT ANY ADJOURNMENT THEREOF. It is anticipated that this Proxy Statement and the accompanying Proxy will be mailed to the Company's shareholders on or about October 27, 2003.

The expense of the Board of Directors' Proxy solicitation will be borne by the Company. In addition to solicitation of Proxies by use of the mails, some of the Company's officers and directors may solicit Proxies by telephone, telegraph or personal interview without any additional compensation to them. The Company will reimburse brokers, nominees, custodians and other fiduciaries for expenses in forwarding Proxy materials to their principals.

Any shareholder giving a Proxy on the enclosed form may revoke it at any time prior to the exercise thereof by advising the Secretary of the Company in writing at the above address, by properly executing a later dated Proxy, or by appearing in person and voting at the Annual Meeting.

VOTING OF SHARES

Only holders of the Company's outstanding shares of common stock, no par value ("Common Stock"), of record at the close of business on October 21, 2003, will be entitled to notice of, and to vote at, the Annual Meeting and at any adjournment thereof. On that date, there were 9,798,400 shares of Common Stock outstanding.

Cumulative voting in the election of directors is allowed. Under cumulative voting, each shareholder is entitled to cast a number of votes in the election of directors equal to the number of directors to be elected multiplied by the number of shares being voted. The shareholder may cast his vote for one nominee or may distribute the votes among nominees in any manner. Unless directed otherwise, the enclosed Proxy gives discretionary authority to cumulate votes in the election of directors. Subject to the effect of cumulative voting, that number of candidates equaling the number of directors to be elected having the highest number of votes cast in favor of their election are elected to the Board of Directors. Accordingly, the seven (7) persons receiving the greatest number of votes at the meeting, in person or by proxy, will be elected. On all matters other than the election of directors, each shareholder will be entitled to one vote per share. The approval and ratification of the selection of Wheeler Wasoff, P.C. requires an

affirmative vote of a majority of the shares represented in person or by proxy at the Annual Meeting. Abstentions and broker non-votes will be counted for purposes of establishing a quorum only. Only those votes cast for the election of directors and the other proposal will be counted as votes in favor or affirmative votes. THE BOARD OF DIRECTORS URGES EACH SHAREHOLDER TO MARK, SIGN AND MAIL THE ENCLOSED PROXY CARD IN THE RETURN ENVELOPE AS PROMPTLY AS POSSIBLE.

STOCK OWNERSHIP OF PRINCIPAL SHAREHOLDERS AND MANAGEMENT

The following table sets forth, as far as is known to the Board of Directors or the management of the Company, the only persons owning on October 21, 2003 more than five percent of the outstanding shares of the Company's Common Stock. For purposes of this disclosure, the amount of the Company's Common Stock beneficially owned by each person or entity is the aggregate number of shares of the Common Stock outstanding on such date plus an amount equal to the aggregate amount of Common Stock which could be issued upon the exercise of stock options, warrants and a convertible note within 60 days of such date.

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| Number of Shares of Common Stock Beneficially Owned | | | | |
|--|---------------|---------------|--------------|---------------|
| Voting and Investment Power | | | | |
| Name and Address | Direct | Indirect | Total Shares | Percent Owned |
| Victoria International Petroleum N.L. 2 The Esplanade, 36th Flr. Perth 6000 Western Australia | 1,491,517 (1) | --- | 1,491,517 | 15.2% |
| Victoria Petroleum N.L. 2 The Esplanade, 36th Flr. Perth 6000 Western Australia | --- | 1,491,517 (1) | 1,491,517 | 15.2% |
| Timothy L. Hoops 1726 Cole Blvd., Suite 210 Lakewood, CO 80401 | 284,490 (2) | 1,491,517 (3) | 1,776,007 | 17.7% |
| Robert J. Pett 2 The Esplanade, 36th Flr. Perth 6000 Western Australia | 137,708 (4) | 1,491,517 (5) | 1,629,225 | 16.4% |
| John T. Kopcheff 2 The Esplanade, 36th Flr. Perth 6000 Western Australia | 209,415 (6) | 1,491,517 (7) | 1,700,932 | 17.0% |

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| Number of Shares of Common Stock Beneficially Owned | | | | |
|---|-----------|---------------|--------------|---------------|
| Voting and Investment Power | | | | |
| Name and Address | Direct | Indirect | Total Shares | Percent Owned |
| Golden Prospect Plc 1st Floor 143-149 Great Portland St. London W2N 5FB England | 849,000 | 2,007,500 (8) | 2,956,500 | 30.2% |
| Samson Exploration N.L. 2 The Esplanade, 36th Flr. Perth 6000 Western Australia | 2,007,500 | --- | 2,007,500 | 20.5% |

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| | | | | |
|--|---------------|-----|-----------|------|
| Nieuport Pty Ltd PO Box 332 Greenwood 6924 Western Australia | 1,005,000 (9) | --- | 1,005,000 | 8.9% |
| The Equitable Life Assurance Society City Place House 55 Basinghall St. London EC2V 5DR England | 840,000 | --- | 840,000 | 8.6% |
| Barry D. Lasker 1726 Cole Blvd., Suite 210 Lakewood, CO 80401 | 861,000 (10) | | 861,000 | 8.1% |
| Elstree Nominees Pty Ltd 8 Elstree Avenue Meora 6050 Western Australia | 515,000 | --- | 515,000 | 5.3% |

- (1) Victoria International Petroleum N.L. ("VIP"), the record holder of the shares, is a wholly owned subsidiary of Victoria Petroleum N.L. ("VP"), which is therefore deemed to be another beneficial owner of the shares.
- (2) Includes vested options to purchase up to 256,580 shares.
- (3) Mr. Hoops is a director of VIP and of VP. As a result, all shares held by VIP directly and VP indirectly are listed as indirectly held by Mr. Hoops.
- (4) Includes vested options to purchase up to 127,708 shares.
- (5) Mr. Pett is the Chairman and a director of VIP and a director of VP. As a result, all shares held by VIP directly and VP indirectly are listed as indirectly held by Mr. Pett.
- (6) Includes vested options to purchase up to 195,415 shares.
- (7) Mr. Kopcheff is a director of VIP and VP. As a result, all shares held by VIP directly and VP indirectly are listed as indirectly held by Mr. Kopcheff.
- (8) Golden Prospect Plc owns 29.95% of Samson Exploration N.L. and is therefore deemed to be a beneficial owner of the shares held by Samson.
- (9) Includes a warrant to purchase up to 335,000 shares. By the terms of the warrant issued to

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Nieuport Pty Ltd, the warrant is only exercisable by Nieuport if and to the extent that, on the date of any exercise or attempt to exercise the warrant, Nieuport is not the beneficial owner (within the meaning ascribed to the term by Section 13(d) of the Securities Exchange Act of 1934 (the "Exchange Act") and has not been the beneficial owner of more than 8.99% of the Common Stock (calculated as required by Section 13(d) of the Exchange Act) for a period of 60 days prior to the date of such exercise or attempted exercise.

- (10) Consists of vested options to purchase up to 340,000 shares and a \$200,000 convertible promissory note initially convertible into 500,000 shares.

The following table sets forth the number of shares beneficially owned on October 21, 2003 by the Company's executive officers and directors, and by all of the executive officers and directors as a group. For purposes of this disclosure, the amount of the Company's Common Stock beneficially owned is the aggregate number of shares of the Common Stock outstanding on such date plus an amount equal to the aggregate amount of Common Stock which could be issued upon

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the exercise of stock options and a convertible note within 60 days of such date.

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| Name and Address | Position(s) With the Company | Number of Shares of Common Stock Beneficially Owned | P |
|---|---|---|---|
| Barry D. Lasker 1726 Cole Blvd., Suite 210 Lakewood, CO 80401 | President, Chief Executive Officer and Director | 861,000 (1) | |
| Timothy L. Hoops 1726 Cole Blvd., Suite 210 Lakewood, CO 80401 | Director | 1,776,007 (2) (3) | |
| Robert J. Pett 2 The Esplanade, 36th Flr. Perth 6000 Western Australia | Chairman of the Board and Director | 1,629,225 (4) (5) | |
| John T. Kopcheff 2 The Esplanade, 36th Flr. Perth 6000 Western Australia | Director | 1,700,932 (6) (7) | |
| Kenneth W. Nickerson | Director | 65,909 (8) | |