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KESTREL ENERGY INC
Form DEF 14A
October 25, 2002

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
 Definitive Proxy Statement Only (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):

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:

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(4) Date Filed:

KESTREL ENERGY, INC.
999 18TH STREET, SUITE 2490
DENVER, COLORADO 80202
(303) 295-0344

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD DECEMBER 5, 2002
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 5, 2002, at the offices of the Company at 999 18th Street, Suite 2490, Denver, 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, 2003;
3. To approve an amendment to the Company's Stock Option Plan to extend the term of the Plan for an additional ten years; and
4. 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 22, 2002 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, APPROVE THE SELECTION OF WHEELER WASOFF, P.C., AND APPROVE THE AMENDMENT TO THE STOCK OPTION PLAN.

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

October 28, 2002

Barry D. Lasker
President

KESTREL ENERGY, INC.
999 18TH STREET, SUITE 2490
DENVER, COLORADO 80202

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD DECEMBER 5, 2002

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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 999 18TH STREET, SUITE 2490, DENVER, COLORADO ON THURSDAY, DECEMBER 5, 2002 AT 10:00 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 28, 2002.

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 22, 2002, will be entitled to notice of, and to vote at, the Annual Meeting and at any adjournment thereof. On that date, there were 9,115,200 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.

2

The election of directors requires that the seven candidates having the highest number of votes cast in favor of their election are elected to the Board of Directors. The approval and ratification of the selection of Wheeler Wasoff, P.C. and the amendment to the Stock Option Plan require 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 proposals 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

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Directors or the management of the Company, the only persons owning on October 22, 2002 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 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 and warrants within 60 days of such date.

Number of Shares of Common Stock Beneficially Owned				
Voting and Investment Power				
Name and Address	Direct	Indirect	Total Shares	P
Victoria International Petroleum N.L. 2 The Esplanade, 36th Flr. Perth 6000 Western Australia	1,556,743(1) (2)	---	1,556,743	
Victoria Petroleum N.L. 2 The Esplanade, 36th Flr. Perth 6000 Western Australia	---	1,556,743(1) (2)	1,556,743	
Timothy L. Hoops P.O. Box 1079 Denver, CO 80201-1079	287,280(3)	1,556,743(2) (4)	1,844,023	
Robert J. Pett 2 The Esplanade, 36th Flr. Perth 6000 Western Australia	151,208(5)	1,556,743(2) (6)	1,707,951	

3

Number of Shares of Common Stock Beneficially Owned				
Voting and Investment Power				
Name and Address	Direct	Indirect	Total Shares	P
John T. Kopcheff 2 The Esplanade, 36th Flr. Perth 6000 Western Australia	209,815(7)	1,556,743(2) (8)	1,766,558	
Golden Prospect Plc	1,038,500(9)	2,657,800(10) (11)	3,696,300	

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1st Floor
143-149 Great Portland St.
London W2N 5FB
England

Samson Exploration N.L. 2,657,800(11) --- 2,657,800
2 The Esplanade, 36th Flr.
Perth 6000
Western Australia

The Equitable Life Assurance Society 924,000(12) --- 924,000
City Place House
55 Basinghall St.
London EC2V 5DR
England

- (1) Victoria International Petroleum N.L. ("VIP"), the record holder of the shares and warrants, 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 warrants to purchase up to 141,522 shares.
- (3) Includes vested options and warrants to purchase up to 259,370 shares.
- (4) Mr. Hoops is a director of VIP and of VP. As a result, all shares and warrants held by VIP directly and VP indirectly are listed as indirectly held by Mr. Hoops.
- (5) Includes vested options and warrants to purchase up to 141,208 shares.
- (6) Mr. Pett is the Chairman and a director of VIP and a director of VP. As a result, all shares and warrants held by VIP directly and VP indirectly are listed as indirectly held by Mr. Pett.
- (7) Includes vested options and warrants to purchase up to 195,815 shares.
- (8) Mr. Kopcheff is a director of VIP and VP. As a result, all shares and warrants held by VIP directly and VP indirectly are listed as indirectly held by Mr. Kopcheff.
- (9) Includes vested warrants to purchase up to 89,500 shares.
- (10) Golden Prospect Plc owns 29.95% of Samson Exploration N.L. and is therefore deemed to be a beneficial owner of the shares and warrants held by Samson.
- (11) Includes vested warrants to purchase up to 650,300 shares.
- (12) Includes vested warrants to purchase up to 84,000 shares.

The following table sets forth the number of shares beneficially owned on October 22, 2002 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

4

on such date plus an amount equal to the aggregate amount of Common Stock which could be issued upon the exercise of stock options and warrants within 60 days of such date.

Name and Address	Position(s) With the Company	Number of Shares of Common Stock Beneficially Owned	Percent Owned
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Barry D. Lasker 999 18th Street, Suite 2490 Denver, CO 80202	President, Chief Executive Officer and Director	381,000 (1)	3.7%
Timothy L. Hoops P.O. Box 1079 Denver, CO 80201- 1079	Director	1,844,023 (2) (3)	22.6%
Robert J. Pett 2 The Esplanade, 36th Flr. Perth 6000 Western Australia	Chairman of the Board and Director	1,707,951 (4) (5)	21.3%
John T. Kopcheff 2 The Esplanade, 36th Flr. Perth 6000 Western Australia	Director	1,766,558 (6) (7)	18.7%
Kenneth W. Nickerson	Director	57,409 (8)	