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## **BIRON APPAREL LIMITED**

**ACN 009 087 469**

## **NOTICE OF MEETINGS**

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### **Special General Meeting of Cancellation Shareholders**

**TIME:** 3 pm AEDT

**DATE:** 27 January 2015

**PLACE:** Level 15, 37 York Street Sydney NSW 2000

### **General Meeting of Shareholders**

**TIME:** 3.30 pm AEDT

**DATE:** 27 January 2015

**PLACE:** Level 15, 37 York Street Sydney NSW 2000

***This Notice of Meetings should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.***

***Should you wish to discuss the matters in this Notice of Meetings please do not hesitate to contact the Company Secretary on (+61 3) 9866 7889.***



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**IMPORTANT INFORMATION**

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**TIME AND PLACE OF MEETING**

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A Special General Meeting of Cancellation Shareholders whose Shares are proposed to be cancelled pursuant will be held at 3pm (AEDT) on 27 January 2015 at: Level 15, 37 York Street Sydney NSW 2000.

A General Meeting of Shareholders will be held at 3.30pm (AEDT) on 27 January 2015, or as soon as the Special General Meeting of Shareholders has concluded or been adjourned, whichever is earlier, at: Level 15, 37 York Street Sydney NSW 2000.

The Explanatory Statement to this Notice of Meeting provides additional information on the matters to be considered at the General Meeting and the Special General Meeting.

Terms and abbreviations used in this Notice of Meeting and the Explanatory Statement are defined in the Glossary.

**YOUR VOTE IS IMPORTANT**

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The business of the Meetings affects your shareholding and your vote is important.

**VOTING ELIGIBILITY**

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The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that:

- the persons eligible to vote at the Special General Meeting are those who are registered Cancellation Shareholders at 3:00pm AEDT on 25 January 2015; and
- the persons eligible to vote at the General Meeting are those who are registered Shareholders at 3.30pm AEDT on 25 January 2015.

**VOTING IN PERSON**

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To vote in person, attend the Meetings at the time, date and place set out above.

**VOTING BY PROXY**

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this General Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes is set out below.

#### ***Proxy vote if appointment specifies way to vote***

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

#### ***Transfer of non-chair proxy to chair in certain circumstances***

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting;
  - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

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## BUSINESS OF THE SPECIAL GENERAL MEETING

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### AGENDA

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#### SPECIAL BUSINESS

The Explanatory Statement which accompanies and forms part of this Notice describes the matters to be considered as special business.

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#### 1. RESOLUTION 1 – APPROVAL FOR SELECTIVE CAPITAL REDUCTION – 195,000,000 SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*“That, in accordance with Section 256C(2) of the Corporations Act and for all other purposes, approval is given by the Cancellation Shareholders for the Company to cancel the 195,000,000 Shares issued on 16 June 2011 to George Karafotias on the terms and conditions and for the purpose set out in the Explanatory Statement accompanying this Notice.”*

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#### 2. RESOLUTION 2 – APPROVAL FOR SELECTIVE CAPITAL REDUCTION – 20,750,000 SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*“That, in accordance with Section 256C(2) of the Corporations Act and for all other purposes, approval is given by the Cancellation Shareholders for the Company to cancel the 20,750,000 Shares issued on 30 March 2012 to the initial seed investors on the terms and conditions and for the purpose set out in the Explanatory Statement accompanying this Notice.”*

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#### 3. RESOLUTION 3 – APPROVAL FOR SELECTIVE CAPITAL REDUCTION – 31,900,000 SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*“That, in accordance with Section 256C(2) of the Corporations Act and for all other purposes, approval is given by the Cancellation Shareholders for the Company to cancel 31,900,000 Shares issued on 15 August 2011 to holders of convertible notes on the terms and conditions and for the purpose set out in the Explanatory Statement accompanying this Notice.”*

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**DATED: 24 DECEMBER 2014**

**BY ORDER OF THE BOARD**



**GEORGE KARAFOTIAS  
DIRECTOR**

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## BUSINESS OF THE GENERAL MEETING

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### AGENDA

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#### 1. RESOLUTION 1 – APPROVAL FOR A SELECTIVE REDUCTION OF CAPITAL

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*“That, in accordance with Section 256C(2) of the Corporations Act and for all other purposes, approval is given for the Company to make a selective reduction of capital and cancel:*

- (a) 195,000,000 Shares issued on 16 June 2011;
- (b) 20,750,000 Shares issued on 30 March 2012; and
- (c) 31,900,000 Shares issued on 15 August 2011

*held by the Cancellation Shareholders on the terms and conditions and for the purpose set out in the Explanatory Statement accompanying this Notice.”*

**Voting Exclusion:** The Company will disregard any votes cast on this resolution by any person who is to receive consideration as part of the reduction or whose liability to pay amounts unpaid on shares is to be reduced, or any associates of those persons.

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#### 2. RESOLUTION 2 – ISSUE OF 9,800,000 SHARES TO RELATED PARTY – GEORGE KARAFOTIAS

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

*“That, subject to and conditional on the passing of Resolutions 1 to 3 at the Special General Meeting and Resolution 1 at the General Meeting, for the purpose of ASX Listing Rule 10.11, Section 208 of the Corporations Act and for all other purposes, approval is given for the Company to allot and issue 9,800,000 Shares to George Karafotias (or his nominee(s)) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Mr Karafotias (or his nominee(s)) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a 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.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
    - (i) a member of the Key Management Personnel; or
    - (ii) a Closely Related Party of such a member; and
  - (b) the appointment does not specify the way the proxy is to vote on this Resolution.
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However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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### 3. RESOLUTION 3 – ISSUE OF 185,200,000 SHARES TO DOCA CREDITORS

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

*"That, subject to and conditional on the passing of Resolutions 1 to 3 at the Special General Meeting and Resolution 1 at the General Meeting, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to allot and issue up to 185,200,000 Shares to DOCA Creditors on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a 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.

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### 4. RESOLUTION 4 – ISSUE OF 31,900,000 SHARES TO CONVERTIBLE NOTE HOLDERS

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

*"That, subject to and conditional on the passing of Resolutions 1 to 3 at the Special General Meeting and Resolution 1 at the General Meeting, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to allot and issue up to 31,900,000 Shares on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a 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.

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### 5. RESOLUTION 5 – ISSUE OF 69,500,000 SHARES

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

*"That, subject to and conditional on the passing of Resolutions 1 to 3 at the Special General Meeting and Resolution 1 at the General Meeting, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to allot and issue up to 69,500,000 Shares at an*

*issue price of \$0.005 per Share on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a 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.

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## **6. RESOLUTION 6 – ISSUE OF 40,000,000 SHARES PURSUANT TO CAPITAL RAISING**

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

*"That, subject to and conditional on the passing of Resolutions 7 to 10 (inclusive) for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to allot and issue up to 40,000,000 Shares at an issue price of \$0.0025 per Share on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a 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.

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## **7. RESOLUTION 7 – ISSUE OF 3,000,000 SHARES TO RELATED PARTY – CHRISTOPHER BOTICA**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That, subject to and conditional on the passing of Resolutions 6 and 8 to 10 (inclusive), for the purposes of Sections 195(4) and 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue 3,000,000 Shares to Christopher Botica (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**ASX Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Christopher Botica (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a 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.

### **Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or



- (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair of the Meeting; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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## 8. RESOLUTION 8 – ISSUE OF 3,000,000 SHARES TO RELATED PARTY – PETER ANGELAKOS

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, subject to and conditional on the passing of Resolutions 6 to 7 and 9 to 10 (inclusive), for the purposes of Sections 195(4) and 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue 3,000,000 Shares to Peter Angelakos (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**ASX Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Peter Angelakos (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a 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.

### **Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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## 9. RESOLUTION 9 – ISSUE OF 30,000,000 SHARES TO CONSULTANTS, SERVICE PROVIDERS AND CREDITORS

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

*“That, subject to and conditional on the passing of Resolutions 6 to 8 and 10 (inclusive), for the purpose of ASX Listing Rule 7.1 and for all other*

*purposes, approval is given for the Directors to allot and issue up to 30,000,000 Shares to various consultants, service providers and creditors of the Company (or their nominees) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a 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.

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**10. RESOLUTION 10 – ISSUE OF 5,000,000 SHARES TO SANLAM PRIVATE WEALTH PTY LTD TRADING AS CALIBRE INVESTMENTS PTY LTD**

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

*"That, subject to and conditional on the passing of Resolutions 6 to 9 (inclusive), for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue up to 5,000,000 Shares to Sanlam Private Wealth Pty Ltd trading as Calibre Investments Pty Ltd (or its nominee(s)) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a 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.

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**11. RESOLUTION 11 – ELECTION OF DIRECTOR – GEORGE KARAFOTIAS**

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

*"That, for the purpose of clause 76.1 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr George Karafotias, who was appointed as a Director on 20 January 2010 to fill a casual vacancy, retires, and being eligible, is elected as a Director."*

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**12. RESOLUTION 12 – ELECTION OF DIRECTOR – CHRISTOPHER BOTICA**

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

*"That, for the purpose of clause 76.1 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Christopher Botica, who was appointed as a Director on 8 June 2012 to fill a casual vacancy, retires, and being eligible, is elected as a Director."*

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### 13. RESOLUTION 13 – ELECTION OF DIRECTOR – PETER ANGELAKOS

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

*"That, for the purpose of clause 76.1 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Peter Angelakos, who was appointed as a Director on 13 July 2010 to fill a casual vacancy, retires, and being eligible, is elected as a Director."*

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### 14. RESOLUTION 14 – APPOINTMENT OF AUDITOR

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

*"That, for the purposes of Section 327B of the Corporations Act and for all other purposes, Rothsay Chartered Accountants, having been nominated by a Shareholder and consented in writing to act in the capacity of auditor, be appointed as auditor of the Company."*

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### 15. RESOLUTION 15 – NON-EXECUTIVE DIRECTOR'S REMUNERATION

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

*"That, for the purposes of clause 94.1 of the Constitution, ASX Listing Rule 10.17 and for all other purposes, Shareholders approve an increase of the maximum aggregate amount of fees payable to non-executive Directors of the Company by \$150,000 per annum to \$300,000 per annum, in accordance with the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a Director and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a 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.

#### **Voting Prohibition Statement**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel

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**16. RESOLUTION 16 – REPLACEMENT OF CONSTITUTION**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*"That, for the purpose of Section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the chairman of the Meeting for identification purposes."*

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**DATED: 24 DECEMBER 2014**

**BY ORDER OF THE BOARD**

A handwritten signature in purple ink, appearing to read 'G. Karafotias', with a stylized flourish at the end.

**GEORGE KARAFOTIAS  
DIRECTOR**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Cancellation Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Special General Meeting.

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## SPECIAL GENERAL MEETING

### 1. BACKGROUND

#### 1.1 Background on Company

Biron Apparel Limited (**Biron** or the **Company**) was incorporated on 1 March 1984 and has been suspended from trading on ASX since 15 June 2006.

The Company was placed into administration on 14 July 2010, with Giovanni (John) Carrello appointed as the Administrator. During the period of 14 July 2010 until 8 September 2011, the Company was controlled by the Administrator. Pursuant to Section 437C of the *Corporations Act 2001* (Cth) (**Corporations Act**), during the period of the administration, the powers of the Company's officers were suspended.

The Company entered into a Deed of Company Arrangement with its creditors dated 8 November 2010 (**DOCA**). The DOCA was subsequently amended on 14 April 2011.

Pursuant to the DOCA, an amount of \$273,200 was paid to the Creditor's Fund and the Administrator authorised the issue to George Karafotias of 195,000,000 Shares on 16 June 2011. These 195,000,000 Shares were originally issued to George Karafotias, as he was the party to receive Shares pursuant to the DOCA, however some were immediately transferred to the parties (Karafotias nominees) that provided him with the funds to make the payment under the DOCA.

In addition, the DOCA outlined that the holders of the convertible notes were to receive 31,900,000 Shares in satisfaction of the debt owing to them under those convertible notes and these Shares were duly authorised to be issued by the Administrator and issued on 15 August 2011.

The Company has been advised that the Administrator undertook these actions pursuant to his power granted to him under Section 444G of the Corporations Act. Shareholder approval was not obtained in relation to the issue of any Shares under the DOCA, as the Administrator did not consider that he was obligated to seek such approvals as he was authorised to settle with the creditors of the Company under the powers granted to the Administrator under the Corporations Act.

The DOCA was fully effectuated and on 8 September 2011, the Administrator retired and notified ASIC, and the Company was removed from administration.

After 8 September 2011, the Company was returned to George Karafotias, Vincent Ferraloro and Peter Angelakos.

On 30 March 2012, 20,750,000 Shares were issued to a number of the initial seed investors prior to the completion of the first re-capitalisation under this initial seed raising. These Shares were issued under the mistaken belief that the Directors had capacity under Listing Rule 7.1.

Resolutions 1 to 3 of this Notice of Special General Meeting and Resolution 1 of

the Notice General Meeting are included for the purpose of undertaking a selective reduction of capital and cancellation of the following shares that were incorrectly issued:

- (a) 195,000,000 Shares issued under the DOCA on 16 June 2011;
- (b) 31,900,000 Shares issued to convertible note holders upon conversion of their convertible notes on 15 August 2011; and
- (c) 20,750,000 Shares issued to a number of seed investors on 30 March 2012,

by firstly, cancelling the Shares described in Resolution 1 to 3 of the Notice of Special General Meeting and Resolution 1 of the Notice of General Meeting in accordance with those Resolutions.

In addition, the Company is seeking Shareholder approval for the issue of the Shares that are sought to be cancelled pursuant to Resolutions 1 to 3 of the Special General Meeting and Resolution 1 of the General Meeting as set out in Resolutions 2 to 5 (inclusive) of the General Meeting, and also the further issue of 48,750,000 Shares from the completion of the initial seed raising also included under Resolution 5 of the General Meeting.

## 1.2 Conditionality of Resolutions

Resolutions 6 to 10 (inclusive) of the General Meeting are interconditional, meaning that in order for the matters the subject of those Resolutions to be passed and implemented, all of the remaining Resolutions 6 to 10 must also be passed by Shareholders.

Resolutions 6 to 10 of the General Meeting are all inter-conditional because they all relate to the proposal to re-capitalise the Company and have it re-instated to trading on ASX. Resolutions 6 to 10 must be passed for the re-capitalisation proposal as presented to the Company to be completed.

## 1.3 Proposed Capital Structure

***The proposed capital structure on the completion of all the transactions, share cancellation, and share issues pertaining to this meeting will be as follows.***

<b>Shares</b>	
Current Shares on issue	283,544,170
Shares Cancelled pursuant to Resolution 1	(247,650,000)
Shares issued pursuant to Resolution 2	9,800,000
Shares issued pursuant to Resolution 3	185,200,000
Shares issued pursuant to Resolution 4	31,900,000
Shares issued pursuant to Resolution 5	69,500,000
Shares issued pursuant to Resolutions 6	40,000,000
Shares issued pursuant to Resolution 7	3,000,000
Shares issued pursuant to Resolution 8	3,000,000
Shares issued pursuant to Resolution 9	30,000,000
Shares issued pursuant to Resolution 10	5,000,000
<b>Total Shares</b>	<b>413,294,170</b>

## 1.4 Capital Raising

The planned Capital Raising, the subject of Resolution 6, will provide the primary source of funds to be used towards the completion of the outstanding statutory requirements (including, but not limited to completion of audit, lodgement of the Company's financial reports, the holding of the Company's annual general meetings) before seeking to have the Company recapitalised and re-instated to trading on ASX.

As announced to ASX on 4 August 2014, the Company has engaged Sanlam Private Wealth Pty Ltd trading as Calibre Investments Pty Ltd (ACN 136 960 775) (**Calibre**), a licensed securities dealer (AFSL 337927) to manage the following: the planned Capital Raising, administration, notice of meetings and re-instatement process. The Company will issue Calibre with 5,000,000 Shares on completion of an initial placement of \$25,000.

## 1.5 Timetable

The timetable is indicative only and is subject to change.

Date of General/Special Meeting	27 January 2015
Date of Share Cancellation	16 February 2015
Issue of Shares under Resolutions 2 to 5	16 February 2015
Issue of Shares under Resolutions 6 to 10	28 February 2015

## 1.6 Future of the Company if Resolutions are not passed

If the Resolutions the subject of the Notice of Meeting are not passed, the Company:

- (a) will continue to be suspended from ASX;
- (b) will need to consider and identify alternative business and investment opportunities which the Directors consider will be beneficial to Shareholders; and
- (c) may consider de-listing from ASX and be placed into voluntary liquidation if a suitable alternative acquisition cannot be sourced within a reasonable time.

## 1.7 Conclusion

The Resolutions set out in the Notice are important and affect the future of the Company. Shareholders are therefore urged to give careful consideration to the Notice and the contents of this Explanatory Statement.

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## 2. RESOLUTION 1 TO 3 – APPROVAL FOR SELECTIVE REDUCTION OF CAPITAL

### 2.1 General

The purpose of Resolutions 1 to 3 is to seek the requisite approval of Shareholders required under the Corporations Act for the cancellation of the Shares.

As set out in Section 1.1 above, the Company previously issued a total of 247,650,000 Shares to the Cancellation Shareholders without Shareholder approval. The cancellation of those Shares constitutes a selective reduction of capital for the purposes of the Corporations Act, and accordingly, the approval the subject of each of Resolutions 1 to 3 of the Special General Meeting by the Shareholders whose Shares are to be cancelled and Resolution 1 of the General Meeting is required to undertake the cancellation of the Shares. The Special General Meeting is being held for this purpose, and the only parties entitled to attend and vote at the Special General Meeting are the Cancellation Shareholders.

Each of Resolutions 1 to 3 of the Special General Meeting is a special resolution, and therefore requires not less than 75% of all votes cast on the Resolution to be in favour of the Resolution for it to be passed.

## **2.2 Corporations Act**

Pursuant to Section 256C of the Corporations Act, a company may make a selective capital reduction if it is approved by a special resolution passed at a general meeting of the company, with no votes being cast in favour of the resolution by any person who is to receive consideration as part of the reduction or whose liability to pay amounts unpaid on shares is to be reduced.

The Corporations Act provides that the rules relating to a reduction of share capital are designed to protect the interests of shareholders and creditors by:

- (a) addressing the risk of the transaction leading to the company's solvency;
- (b) seeking to ensure fairness between the shareholders of the company; and
- (c) requiring the company to disclose all material information.

In particular, Section 256B of the Corporations Act requires that a company may only reduce its capital if:

- (a) it is fair and reasonable to the company's shareholders as a whole;
- (b) it does not materially prejudice the company's ability to pay its creditors; and
- (c) it is approved by shareholders in accordance with Section 256C of the Corporations Act.

The proposed capital reduction is a "selective" capital reduction within the meaning of Section 256B(2) of the Corporations Act as the reduction does not apply to each holder of ordinary Shares in proportion to the number of Shares they hold and the terms of the reduction are not the same for each holder of ordinary Shares.

Section 256C(4) of the Corporations Act requires that the Company must include with the Notice a statement setting out all information known to the Company that is material to the decision on how to vote on the resolution. However, the Company does not have to disclose information if it would be unreasonable to require the Company to do so because the Company had previously disclosed the information to Shareholders.



The Directors (other than George Karafotias who has a material personal interest in the outcome of Resolution 1 of the Special General Meeting and Resolution 1 of the General Meeting) believe that the capital reduction as proposed is fair and reasonable to Shareholders for the following reasons:

- (a) the capital reduction will only result in the cancellation of the Shares held by the Cancellation Shareholders which were issued by the Company between 16 June 2011 and 30 March 2012;
- (b) Resolutions 2 to 4 will have the effect of re-issuing the Shares that were incorrectly issued under the DOCA (dated 14 April 2011) and are now proposed to be cancelled pursuant to Resolution 1. Resolution 5 will have the effect of reissuing the 20,750,000 Shares that were incorrectly issued as part of the initial Share placement post DOCA, along with a further 48,750,000 Shares that will also to be issued under Resolution 5 to complete the initial Share placement post DOCA. The effect of the capital reduction pursuant to Resolution 1 of the General Meeting and Resolutions 1 to 3 of the Special Meeting and the issue of the extra 48,750,000 Shares pursuant to Resolution 5 will be a reduction of about 15% of each Shareholder's percentage interest in the Company;
- (c) the Directors believe that the advantages of the capital reduction (described below in Section 2.5) outweigh the negatives of the capital reduction; and
- (d) the reduction in capital will not prejudice the Company's ability to pay its creditors.

Pursuant to Section 256C(2) of the Corporations Act, a selective reduction of capital must be approved by either:

- (a) a special resolution passed at a general meeting of the Company, with no votes being cast in favour of the Resolution by any person who is to receive consideration as part of the reduction or whose liability to pay amounts unpaid on Shares is to be reduced, or by their associates; or
- (b) a Resolution agreed to, at a general meeting by all Shareholders.

In addition, as the proposed capital reduction involves the cancellation of Shares, the capital reduction must also be approved by a special resolution passed by at a meeting of the Shareholders whose Shares are to be cancelled (being the Cancellation Shareholders). This is the subject of Resolutions 1 to 3 of the Special General Meeting.

## 2.3 Summary of and Effect of Proposed Selective Capital Reduction.

The overall effect of the selective capital reduction and cancellation of the Shares is as follows:

Existing Capital Structure	Number
Shares	283,544,170
Options	Nil

<b>After Selective Reduction of Capital</b>	
Shares	35,894,170
Options	Nil
<b>After the issue of Shares pursuant to Resolutions 2 to 10<sup>1</sup></b>	
Shares	413,294,170
Options	Nil

#### Notes

<sup>1</sup> The table above assumes that each of Resolutions 1 to 3 of the Special General Meeting and Resolutions 1 to 10 of the General Meeting will be passed by the requisite majorities.

The Shares the subject of the selective capital reduction and cancellation represent 87.34% of the issued capital of the Company as at the date of this Notice. However, if the selective capital reduction and the cancellation of the Shares is completed and Resolutions 2 to 10 of the General Meeting are passed, there will be a net effect of increasing the Company's share capital by 129,750,000 following the passing of these Resolutions.

## 2.4 Conditionality of Resolutions

Pursuant to the Corporations Act, approval in the requisite majorities of each of Resolutions 1 to 3 of the Special General Meeting and Resolution 1 of the General Meeting is required for the Shares the subject of those Resolutions to be cancelled. Resolutions 2 to 5 (inclusive) of the General Meeting are conditional upon Resolutions 1 to 3 of the Special General Meeting and Resolution 1 of the General Meeting being approved, meaning that the Shares pursuant to Resolutions 2 to 5 (inclusive) of the General Meeting will not be issued unless Resolutions 1 to 3 of the Special General Meeting and Resolution 1 of the General Meeting are approved by the requisite majorities.

**The relevant Cancellation Shareholders may, at their discretion, approve Resolutions 1 to 3 of the Special General Meeting without approving the re-issue of cancelled Shares pursuant to Resolutions 2 to 5 of the General Meeting.**

**Shareholders may, at their discretion, approve Resolution 1 of the General Meeting without approving the re-issue of cancelled Shares pursuant to Resolutions 2 to 5 of the General Meeting.**

## 2.5 Directors' Recommendation

The Directors (other than George Karafotias who has a material personal interest in the outcome of Resolution 1 of the Special General Meeting and Resolution 1 of the General Meeting) believe that the proposed capital reduction is in the best interests of Shareholders as the approval of Resolutions 1 to 3 of the Special General Meeting, along with Resolution 1 of the General Meeting, will ensure that the Company cancels these Shares and the Company can then advance its aim of re-admission to the Official List.

For these reasons, the Directors (other than George Karafotias who has a material personal interest in the outcome of Resolution 1 of the Special General Meeting) recommend that Shareholders that are eligible to vote on Resolution 1 of the Special General Meeting vote in favour of the capital reduction.

The Directors also recommend that Shareholders that are eligible to vote on Resolutions 2 to 3 of the Special General Meeting vote in favour of the capital reductions.

In addition, the Directors (other than George Karafotias who has a material personal interest in the outcome of Resolution 1) consider that it is in the interests of the Cancellation Shareholders to approve Resolution 1 at the General Meeting as the passing of this Resolution, and Resolutions 2 to 5 (inclusive) will allow the Directors to cancel and re-issue the Shares to the Cancellation Shareholders in accordance with the Corporations Act and ASX Listing Rules. The Cancellation Shareholders will therefore retain their interests in the Company once Shareholder approval is given for Resolutions 2 to 5 (inclusive).

## **2.6 Other Material Information**

There is no information material to the making of a decision by a Shareholder whether or not to approve Resolution 1 being information that is known to any of the Directors and which has not been previously disclosed to Shareholders, other than as disclosed in this Explanatory Statement.

Once Resolutions 1 to 3 (inclusive) are passed by Cancellation Shareholders at the Special General Meeting and Resolution 1 of the General Meeting is passed by the Shareholders, the Company will not make the reduction of capital until at least 14 days after lodgement of the Resolution with the ASIC.

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the General Meeting.

## BUSINESS OF GENERAL MEETING

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### 1. RESOLUTION 1 – SELECTIVE CAPITAL REDUCTION

#### 1.1 Background

As outlined above, Section 256C(2) of the Corporations Act requires that in order for a selective reduction of capital to be completed, the selective reduction of capital must also be approved by a special resolution passed at a general meeting of the company, with no votes being cast in favour of the resolution by any person who is to receive consideration as part of the reduction or whose liability to pay amounts unpaid on shares is to be reduced, or by their associates.

Details of the proposed transaction are outlined in Section 1 above, and the Company considers that all other information has been made available to the Shareholders.

Resolution 1 to be considered at the General Meeting is a special resolution, and therefore requires not less than 75% of all votes cast on the Resolution to be in favour of the Resolution for it to be passed.

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### 2. RESOLUTION 2 – ISSUE OF 9,800,000 SHARES TO RELATED PARTY – GEORGE KARAFOTIAS

#### 2.1 General

The Company has agreed, subject to obtaining Shareholder approval, to allot and issue 9,800,000 Shares (**Related Party Shares**) to George Karafotias (or his nominee) on the terms and conditions set out below.

Resolution 2 seeks Shareholder approval for the grant of the Related Party Shares to George Karafotias (or his nominee(s)) as one of the DOCA Creditors in consideration for funds provided towards payments made under the DOCA.

#### 2.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The grant of Related Party Shares constitutes giving a financial benefit and George Karafotias is a related party of the Company by virtue of being a Director.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Shares to George Karafotias.

### **2.3 ASX Listing Rule 10.11**

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the grant of the Related Party Shares involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

### **2.4 Technical Information required by ASX Listing Rule 10.13 and Chapter 2E of the Corporations Act**

Pursuant to and in accordance with ASX Listing Rule 10.13 and section 219 of the Corporations Act, the following information is provided in relation to Resolution 2:

- (a) the Related Party Shares will be issued to George Karafotias (or his nominee(s)). George Karafotias is a related party by virtue of being a Director;
- (b) the maximum number of Related Party Shares (being the nature of the financial benefit being provided) to be issued is 9,800,000;
- (c) the Related Party Shares will be granted no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (d) the Related Party Shares will be issued for nil cash consideration in satisfaction of funds provided towards payments made under the DOCA, accordingly no funds will be raised;
- (a) the total value of the Related Party Shares is \$14,700. The value of the Related Party Shares has been determined by multiplying 9,800,000 by the deemed issue price of \$0.0015 per Related Party Share, giving a total of \$14,700. The Directors consider this is a fair method for determining the value of the Related Party Shares given the Shares have been suspended from trading on ASX since 15 June 2006, and the deemed issue price was determined by the DOCA;
- (e) the Related Party Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

- (f) the relevant interest of George Karafotias in securities of the Company is set out below:

Related Party	Shares	Options
George Karafotias	9,800,000	Nil

- (g) George Karafotias has not been remunerated by the Company in the past 24 months. However, once the re-capitalisation has been completed the Company intends to remunerate George Karafotias as set out below:

Related Party	Current Financial Year	Previous Financial Year
George Karafotias	\$6,000	N/A

- (h) If Resolution 2 is passed, 9,800,000 Shares will be allotted and issued. If each of Resolutions 1 to 10 under this Notice is passed by Shareholders (assuming no options are exercised and no other Shares other than those contemplated by the Resolutions in this Notice are issued), this will increase the number of Shares on issue to 413,294,170 with the effect that the shareholding of existing Shareholders would be diluted by 2.37% with the issue of the 9,800,000 Related Party Shares;
- (i) the Company has been suspended from trading on the ASX since 15 June 2006 as set out in Section 1.1 and therefore there is no trading history of the Shares on ASX in the 12 months before the date of this Notice;
- (j) the primary purpose of the issue of the Related Party Shares to George Karafotias is to re-issue the Shares currently held by George Karafotias that were issued to him pursuant to the DOCA following the cancellation of the 195,000,000 Shares initially issued to George Karafotias pursuant to the DOCA should Resolution 1 to 5 of the Meeting and Resolution 1 of the Special General Meeting be passed;
- (k) Chris Botica recommends that Shareholders vote in favour of Resolution 2 for the following reasons:
- (i) the issue of the Related Party Shares to the George Karafotias will give effect to the DOCA by re-issuing the Shares currently held by George Karafotias out of the 195,000,000 originally issued to him pursuant to the DOCA and which will be cancelled should Resolutions 1 to 5 of the Meeting and Resolution 1 of the Special General Meeting be passed;
  - (ii) given the primary purpose of the grant of the Related Party Shares described above, Chris Botica considers that there are no significant opportunity costs to the Company or benefits foregone by the Company in granting the Related Party Shares on the terms set out in this Explanatory Statement;

- (l) Peter Angelakos recommends that Shareholders vote in favour of Resolution 2 for the reasons provided in paragraph (h);
- (m) George Karafotias declines to make a recommendation to Shareholders in relation to Resolution 2 due to his material personal interest in the outcome of the Resolution on the basis that he is to be issued the Related Party Shares should Resolution 2 be passed.
- (n) with the exception of George Karafotias, no other Director has a personal interest in the outcome of Resolution 2; and
- (o) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 2.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Related Party Shares as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of Related Party Shares to George Karafotias (or his nominee(s)) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

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### **3. RESOLUTION 3 – ISSUE OF 185,200,000 SHARES TO DOCA CREDITORS**

#### **3.1 General**

Resolution 3 seeks Shareholder approval for the allotment and issue of 185,200,000 Shares to the DOCA Creditors in consideration for funds provided towards payments made under the DOCA.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 3 will be to allow the Company to issue the Shares to DOCA Creditors during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

#### **3.2 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 3:

- (a) the maximum number of Shares to be issued is 185,200,000;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the Shares will be issued for nil consideration in satisfaction of funds provided towards payments made under the DOCA;
- (d) the Shares will be allotted and issued to the DOCA Creditors, being parties who provided funds for payments to be made under the DOCA. None of the DOCA Creditors are related parties of the Company;

- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) no funds will be raised from Resolution 3 as the Shares are being issued in satisfaction of funds provided towards payments made under the DOCA.

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## **4. RESOLUTION 4 – ISSUE OF SHARES TO CONVERTIBLE NOTE HOLDERS**

### **4.1 General**

Pursuant to the DOCA, the 42 convertible notes to various entities will be converted (subject to receipt of Shareholder approval) and Resolution 4 seeks approval for the issue of 31,900,000 Shares.

A summary of ASX Listing Rule 7.1 is set out in Section 4.1 above.

The effect of Resolution 4 will be to allow the Company to issue the Shares pursuant to Resolution 4 during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### **4.2 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 4:

- (a) the maximum number of Shares to be issued is 31,900,000;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) 7,500,000 of the Shares will be issued at a deemed issue price \$0.02 per Share and 24,400,000 of the Shares will be issued at a deemed issue price of \$0.05 per Share;
- (d) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (e) the Shares will be allotted and issued to the holders of the 42 convertible notes. None of these subscribers are related parties of the Company; and
- (f) the Company will not raise any funds from the issue of the Shares as the issue is to satisfy satisfied conversion of the convertible notes pursuant to the DOCA.

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## **5. RESOLUTION 5 – ISSUE OF 69,500,000 SHARES**

### **5.1 General**

Resolution 5 seeks Shareholder approval for the allotment and issue of up to 69,500,000 Shares at an issue price of \$0.005 per Share in consideration of \$347,500 previously injected into the Company in relation to the initial post-DOCA Share placement. The \$347,500 previously injected into the Company was for the issue



of a total of 69,500,000 Shares, however, only 20,750,000 Shares were previously issued pursuant to the initial post-DOCA Share placement.

A summary of ASX Listing Rule 7.1 is set out in Section 4.1 above.

The effect of Resolution 5 will be to allow the Company to issue the Shares pursuant to Resolution 5 during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

## **5.2 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 5:

- (a) the maximum number of Shares to be issued is 69,500,000;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the issue price will be \$0.005 per Share;
- (d) the Shares will be issued to sophisticated and professional investors determined by the Directors, and who are not related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (g) no funds are being raised as a result of the issue contemplated by Resolution 5. The Company used the funds previously raised from the issue for the purpose of providing previous working capital, paying creditors and consultants, and exploring further business opportunities, whilst it was undertaking the re-capitalisation and re-listing of the Company.

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## **6. RESOLUTION 6 – ISSUE OF 40,000,000 SHARES PURSUANT TO CAPITAL RAISING**

### **6.1 General**

Resolution 6 seeks Shareholder approval for the allotment and issue of up to 40,000,000 Shares at an issue price of \$0.0025 per Share to raise up to \$100,000 (**Capital Raising**).

A summary of ASX Listing Rule 7.1 is set out in Section 4.1 above.

The effect of Resolution 6 will be to allow the Company to issue the Shares pursuant to the Capital Raising during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### **6.2 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Capital Raising:

- (a) the maximum number of Shares to be issued is 40,000,000;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the issue price will be \$0.0025 per Share;
- (d) the Shares will be issued to sophisticated and professional investors who are clients of Calibre, and other third parties introduced by the Company, but these persons will not be related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the Capital Raising towards providing working capital for the Company while it undertakes the re-capitalisation.

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## **7. RESOLUTIONS 7 AND 8 – ISSUE OF SHARES TO RELATED PARTIES – CHRISTOPHER (CHRIS) BOTICA AND PETER ANGELAKOS**

### **7.1 General**

The Company has agreed, subject to obtaining Shareholder approval, to allot and issue a total of 3,000,000 Shares (**Related Party Shares**) to each of Messrs Chris Botica and Peter Angelakos (**Related Parties**) on the terms and conditions set out below.

A summary of Chapter 2E of the Corporations Act is set out in Section 3.2 above.

The grant of the Related Party Shares constitutes giving a financial benefit and Messrs Botica & Angelakos are related parties of the Company by virtue of being Directors of the Company.

A summary of ASX Listing Rule 10.11 is set out in Section 3.3 above.

It is the view of the Directors that the exceptions set out in Sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Related Party Shares to the Related Parties.

### **7.2 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)**

Pursuant to and in accordance with the requirements of Section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Related Party Shares:

- (b) the related parties are Messrs Chris Botica & Peter Angelakos and they are related parties by virtue of being Directors of the Company;
- (c) the maximum number of Related Party Shares (being the nature of the financial benefit being provided) to be issued to the Related Parties is:
  - (i) 3,000,000 Related Party Shares to Chris Botica (or his nominee);

- (ii) 3,000,000 Related Party Shares to Peter Angelakos (or his nominee).
- (d) the Related Party Shares will be issued to the Related Parties no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Related Party Shares will be issued on one date;
- (e) the Related Party Shares will be issued for nil cash consideration of in lieu of services provided by each of Chris Botica and Peter Angelakos as Directors. ;
- (iii) no funds will be raised from the issued contemplated by Resolutions 7 and 8 as the Shares will be issued to each of Chris Botica and Peter Angelakos in satisfaction of fees owing to Chris Botica and Peter Angelakos at a deemed issue price of \$0.005 per Share;
- (f) the total value of the Related Party Shares is \$30,000. The value of the Related Party Shares has been determined by multiplying 6,000,000 (3,000,000 Related Party Shares for each Related Party) by the issue price of \$0.005, giving a total of \$30,000. The Directors consider this is a fair method for determining the value of the Related Party Shares given the Company's shares have been suspended from trading on ASX since 15 June 2006, and \$0.005 is the highest price the Company has raised any funds at post DOCA;
- (g) the Related Party Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (h) the relevant interests of the Related Parties in securities of the Company, excluding those Shares proposed to be issued under Resolutions 7 & 8 to:

<b>Related Party</b>	<b>Shares</b>	<b>Options</b>
Chris Botica	Nil	Nil
Peter Angelakos	Nil	Nil

- (i) none of the Related Parties have been remunerated by the Company in the past 24 months. However, once the re-capitalisation has been completed Company intends to remunerate the Related Parties as set out below

<b>Related Party</b>	<b>Current Financial Year</b>	<b>Previous Financial Year</b>
Peter Angelakos	\$6,000	N/A
Chris Botica	\$6,000	N/A

- (j) If Resolutions 7 to 8 are passed, a total of 6,000,000 Related Party Shares will be allotted and issued. If each of Resolutions 1 to 10 under this Notice is passed by Shareholders (assuming no options are exercised and no other Shares other than those contemplated by the Resolutions in this Notice are issued), this will increase the number of Shares on issue to

413,294,170 with the effect that the shareholding of existing Shareholders would be diluted by 1.45% with the issue of the 6,000,000 Related Party Shares;

- (k) the Company has been suspended from trading on the ASX since 15 June 2006 as set out in Section 1.1 and therefore there is no trading history of the Shares on ASX in the 12 months before the date of this Notice;
- (l) the primary purpose of the issue of the Related Party Shares to the Related Parties is to provide the Related Parties with an interest in the Company given their roles as Directors of the Company and to compensate them for the non-payment of Directors fees during the past years;
- (m) George Karafotias recommends that Shareholders vote in favour of Resolutions 7 to 8 for the following reasons:
  - (i) the issue of the Related Party Shares to the Related Parties will align the interests of the Related Parties with those of Shareholders;
  - (ii) the issue of the Related Party Shares is a reasonable and appropriate method to provide cost-effective compensation to the Related Parties for forgoing their Directors' fees during the past years. The non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of compensation were provided to the Related Parties;
  - (iii) given the primary purpose of the grant of the Related Party Shares described above, George Karafotias considers that there are no significant opportunity costs to the Company or benefits foregone by the Company in granting the Related Party Shares on the terms set out in this Explanatory Statement;
- (n) Chris Botica declines to make a recommendation to Shareholders in relation to Resolution 7 due to his material personal interest in the outcome of the Resolution on the basis that he is to be issued Related Party Shares in the Company should Resolution 7 be passed. Mr Botica did not vote on any resolution of the Board to grant Related Party Shares to himself given his material personal interest in the outcome of such resolution. Mr Botica also declines to make a recommendation to Shareholders in relation to Resolution 8 due to his material personal interest in the outcome of that Resolution on the basis that Resolutions 7 and 8 are interconditional;
- (o) Peter Angelakos declines to make a recommendation to Shareholders in relation to Resolution 8 due to his material personal interest in the outcome of the Resolution on the basis that he is to be issued Related Party Shares in the Company should Resolution 8 be passed. Mr Angelakos did not vote on any resolution of the Board to grant Related Party Shares to himself given his material personal interest in the outcome of such resolution. Mr Angelakos also declines to make a recommendation to Shareholders in relation to Resolution 7 due to his material personal interest in the outcome of that Resolution on the basis that Resolutions 7 and 8 are interconditional;
- (p) with the exception of Peter Angelakos and Chris Botica, no other Director has a personal interest in the outcome of Resolutions 7 to 8; and

- (q) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 7 to 8.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Shares to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Related Party Shares to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

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## **8. RESOLUTION 9 – ISSUE OF SHARES TO CONSULTANTS, SERVICE PROVIDERS & CREDITORS**

### **8.1 General**

Resolution 9 seeks Shareholder approval for the allotment and issue of up to 30,000,000 Shares in consideration for the provision of consultancy services to the Company on corporate, capital raising, accounting, company secretarial, business development or management services and the provision of general advice; and the provision of credit by the Company's service providers (**Consultants' Placement**).

A summary of ASX Listing Rule 7.1 is set out in Section 4.1 above.

The effect of Resolution 9 will be to allow the Directors to issue the Shares pursuant to the Consultants; Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### **8.2 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Consultants' Placement:

- (a) the maximum number of Shares to be issued is 30,000,000 Shares;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the Shares will be issued for nil cash consideration in satisfaction of consultancy, corporate, capital raising, accounting, business development, management and company secretarial services provided to the Company or the provision of credit by the various service providers to the Company;
- (d) the Shares will be allotted and issued to the following persons (or their nominees):

<b>Person</b>	<b>Shares</b>
Ausnom Pty Ltd	8,000,000
Adderstone Holdings Pty Ltd	8,000,000
JB Advisory Pty Ltd	8,000,000

Steinepreis Paganin	3,600,000
Jemaya Pty Ltd	1,000,000
Filmrim Pty Ltd	1,000,000
Leslie John May & Barbara Maria May	400,000

#### Notes

1. none of the persons set out in sub-clause (d) are related parties of the Company;
2. the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
3. no funds will be raised from the Consultants' Placement as the Shares are being issued in consideration for the consultancy, management and company secretarial services provided to the Company and the provision of credit by various service providers to the Company.

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## 9. RESOLUTION 10 – ISSUE OF SHARES TO SANLAM PRIVATE WEALTH PTY LTD TRADING AS CALIBRE INVESTMENTS PTY LTD

### 9.1 General

Resolution 10 seeks Shareholder approval for the allotment and issue of 5,000,000 Shares in consideration for management services under the terms of agreement announced 4 August 2014, provided by Calibre in relation to the Capital Raising the subject of Resolution 6 (**Calibre Placement**).

A summary of ASX Listing Rule 7.1 is set out in Section 4.1 above.

The effect of Resolution 10 will be to allow the Directors to issue the Shares pursuant to the Calibre Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### 9.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Calibre Placement:

- (a) the maximum number of Shares to be issued is 5,000,000 Shares;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the Shares will be issued for nil cash consideration in satisfaction of management services provided by Calibre in relation to the Capital Raising;
- (d) the Shares will be allotted and issued to Calibre (or its nominee(s)), who is not a related party of the Company;

- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) no funds will be raised from the Calibre Placement as the Shares are being issued in consideration for management services provided by Calibre in relation to the Capital Raising.

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**10. RESOLUTION 11 TO 13 – ELECTION OF DIRECTORS – GEORGE KARAFOTIAS, CHRISTOPHER BOTICA & PETER ANGELAKOS**

Clause 72.1 of the Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to clause 72.2 of the Constitution and ASX Listing Rule 14.4, any Director so appointed holds office only until the next following annual general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Each of George Karafotias, Christopher Botica and Peter Angelakos having been appointed on 20 January 2012, 8 June 2012 and 13 July 2012 respectively will retire in accordance with clause 72.2 of the Constitution and ASX Listing Rule 14.4 and being eligible, seeks election from Shareholders.

***George Karafotias, Executive Director***

Mr Karafotias is an accountant, holding a Bachelor of Commerce from the University of Adelaide. He has many years of experience as a business proprietor and has served as a director on the board of two other ASX-listed companies. In addition to his service as a director, Mr Karafotias also provides company secretarial services to another ASX-listed company. He also provides corporate advisory services to listed and unlisted companies, focusing on restructuring and refinancing. Mr Karafotias is currently serving on the board of Perpetual Resources Limited (Since 29 November 2011), and was a Director on ATECH Ltd (21/02/2011 to 08/08/2014) and Connexion Media Limited (04/03/2011 to 29/08/2014).

***Christopher (Chris) Botica, Non-Executive Chairman***

Chris has over thirty years' professional experience encompassing project and construction management on major multi-disciplinary projects. He held the position of General Manager of Kinhill's Western Australian operations for five years and during that time was a member of the Executive Committee of the Kinhill Group, at the time Australia's largest engineering consulting organisation (since taken over by KBR). Chris was also State Manager of PPK's consulting practice in Perth for 2 years. Since 1999, Chris has operated his own business, Botica and Associates Pty Ltd, providing specialist consulting services in civil engineering, infrastructure design solutions, project management, commercial development and contract management, primarily to large commercial enterprises, medium and heavy industry, regional and statutory water authorities, the WA Department of Water and the WA Water Corporation. Chris also facilitates industry and government forums in a variety of disciplines related largely to water sustainability, sourcing and management, as well as leading multi-

disciplinary technical teams in developing water solutions for industrial and irrigation scheme water applications.

**Peter Angelakos, Executive Director**

Mr Angelakos is a Chartered accountant, holding a Bachelor of Economics. He has had a wide range of accounting and managerial roles in a diverse range of industries in Australia and abroad. Peter is experienced in IPO's and public company administration both with ASX and abroad markets. He also has experience in the due diligence process, takeovers, mergers and buyouts, and has wide experience in price negotiations and international banking.

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**11. RESOLUTION 14 – APPOINTMENT OF AUDITOR**

The Directors of a public company must appoint an auditor within one month of registration. The directors have appointed Rothsay Chartered Accountants as the Company's auditor.

The auditor of a public company so appointed within one month of registration holds office until the first annual general meeting of the Company. The auditor must be re-appointed at the first annual general meeting so that they may continue to act as auditor of the Company.

In accordance with Section 328B(1) of the Corporations Act, the Company has sought and obtained a nomination from a shareholder for Rothsay Chartered Accountants to be appointed as the Company's auditor. A copy of this nomination is attached to this Explanatory Statement as Annexure A.

Rothsay Chartered Accountants has given its written consent to act as the Company's auditor subject to shareholder approval of this resolution

If this Resolution is passed, the appointment of Rothsay Chartered Accountants as the Company's auditor will take effect at the close of this Meeting.

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**12. RESOLUTION 15 – NON-EXECUTIVE DIRECTORS' REMUNERATION**

ASX Listing Rule 10.17 provides that a listed entity may not, without shareholder approval, increase the total amount of non-executive director fees payable by it. Clause 94.1 of the Constitution also requires that remuneration payable by the Company to non-executive Directors may not be increased without the prior approval of the Company in general meeting. Clause 14.7 of the Proposed Constitution also imposes a similar requirement.

The maximum aggregate amount of fees currently payable to the non-executive Directors is currently set at \$150,000 per annum. Resolution 15 seeks Shareholder approval to increase this figure by \$150,000 to \$300,000. This amount includes superannuation contributions made by the Company for the benefit of non-executive Directors and any fees which a non-executive Director agrees to sacrifice on a pre-tax basis.

The maximum aggregate amount of fees proposed to be paid to the non-executive Directors per annum has been determined after reviewing similar companies listed on ASX, and the Directors believe that this level of remuneration is in line with corporate remuneration of similar companies.

Whilst it is not envisaged that the maximum amount sought will be utilised immediately, the proposed limit is requested to ensure that the Company:



- (a) maintains its capacity to remunerate both existing and any new non-executive directors joining the Board;
- (b) remunerates its non-executive Directors appropriately for the expectations placed upon them both by the Company and the regulatory environment in which it operates; and
- (c) has the ability to attract and retain non-executive Directors whose skills and qualifications are appropriate for a company of the size and nature of the Company.

In the past 3 years, the Company issued no Shares or Options with the approval of Shareholders pursuant to Listing Rules 10.11 and 10.14 to non-executive Directors. However, as described in Section 1 of the Explanatory Statement of the Special General Meeting, 195,000,000 Shares were issued to George Karafotias without Shareholder approval on 16 June 2011. Details of the remuneration and securities issued with the approval of Shareholders pursuant to Listing Rules 10.11 and 10.14 to each non-executive Director during the past 3 years are set out below.

<b>DIRECTOR / POSITION</b>	<b>Cash Salary and Fees (inclusive of superannuation) (\$)</b>	<b>Options – value (\$)</b>	<b>Options - number</b>	<b>Shares – value (\$)</b>	<b>Shares - number</b>	<b>TOTAL (\$)</b>
George Karafotias <sup>2</sup>	21,000	Nil	Nil	Nil	Nil <sup>1</sup>	21,000
Chris Botica	21,000 <sup>1</sup>	Ni	Ni	Ni	Ni	21,000
Peter Angelakos	21,000 <sup>1</sup>	Ni	Ni	Ni	Ni	21,000

#### Notes

<sup>1</sup> This amount includes the \$15,000 which each of Chris Botica and Peter Angelakos have agreed to forego in consideration for the receipt of 3,000,000 Shares each (the subject of Resolutions 7 and 8 of the General Meeting).

<sup>2</sup> As set out in Section 1 of the Explanatory Statement of the Special General Meeting, 195,000,000 Shares were issued to George Karafotias without Shareholder approval on 16 June 2011. Subject to receipt of Shareholder approval in the requisite majorities pursuant to Resolution 1 of the Special General Meeting and Resolution 1 of the General Meeting, the Shares currently held by George will be cancelled. In addition, subject to Shareholders approving Resolutions 2, of the General Meeting, it is proposed that 9,800,000 Shares be issued to George Karafotias.

Given the interest of the non-executive Directors in this Resolution, the Board makes no recommendation to Shareholders regarding this Resolution.

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## 13. RESOLUTION 16 – REPLACEMENT OF CONSTITUTION

### 13.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of its shareholders.

Resolution 16 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and ASX Listing Rules.

This will incorporate amendments to the Corporations Act and ASX Listing Rules since the current Constitution was adopted in 1999, noting that the Constitution refers to the Corporations Law rather than the Corporations Act. The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature including but not limited to:

- (a) updating references to bodies or legislation which have been renamed (e.g. references to the Australian Settlement and Transfer Corporations Pty Ltd, ASTC Settlement Rules and ASTC Transfer); and
- (b) expressly providing for statutory rights by mirroring these rights in provisions of the Proposed Constitution.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 3 9645 8839). Shareholders are invited to contact the Company if they have any queries or concerns.

### 13.2 Summary of material proposed changes

#### **Minimum Shareholding (clause 3)**

Clause 3 of the Constitution outlines how the Company can manage shareholdings which represent "less than a marketable parcel" of shares, being a shareholding that is less than \$500 based on the closing price of the Company's Shares on ASX as at the relevant time.

The Proposed Constitution is in line with the requirements for dealing with shareholdings which represent "less than a marketable parcel" outlined in the Corporations Act such that where the Company elects to undertake a sale of shares that represent less than a marketable parcel, the Company is only required to give one notice to holders of the less than a marketable parcel to elect to retain their shareholding before the less than a marketable parcel can be dealt with by

the Company, saving time and administrative costs incurred by otherwise having to send out additional notices.

Clause 3 of the Proposed Constitution continues to outline in detail the process that the Company must follow for dealing with shares that represent less than a marketable parcel.

#### **Fee for registration of off market transfers (clause 8.4(c))**

On 24 January 2011, ASX amended ASX Listing Rule 8.14 with the effect that the Company may now charge a "reasonable fee" for registering paper-based transfers, sometimes referred to "off-market transfers".

Clause 8.4 of the Proposed Constitution is being made to enable the Company to charge a reasonable fee when it is required to register off-market transfers from Shareholders. The fee is intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers.

Before charging any fee, the Company is required to notify ASX of the fee to be charged and provide sufficient information to enable ASX to assess the reasonableness of the proposed amount.

#### **Provisions in relation to general meetings (clauses 12 and 13)**

The Proposed Constitution reflects modern practice for listed company constitutions by including express provisions to facilitate the orderly and efficient conduct of general meetings. This includes provisions relating to calling and giving notice of meetings, the business of the meeting, the chair person, conduct of the meeting, attendance by shareholders, voting at meetings and appointment of proxies and attorneys. Many of these reflect current practice based on existing law.

The Proposed Constitution incorporates a number of changes proposed to assist with the orderly conduct of general meetings of the Company, including:

- (a) allowing a secretary to convene a general meeting for the purpose of enabling the election of Directors (Proposed Constitution, clause 12.3);
- (b) specifying the circumstances in which a proxy appointment received at an electronic address will be taken to be signed by the appointer (Proposed Constitution, clause 13.25); and
- (c) where the Company has received a proxy form which has not been duly executed or authenticated or is otherwise incomplete, allowing the Company to exercise its discretion to return the proxy form and request that the appointing Shareholder take steps to complete, execute or authenticate the proxy form within a specific time (Proposed Constitution, clause 13.27).

#### **Directors (clause 14)**

The Proposed Constitution proposes amendments to certain provisions relating to Directors, including:

- (d) clarifying that Directors' remuneration may be paid in non-cash form, including through superannuation contributions (Proposed Constitution, clause 14.7);

- (e) stating that, on the sale of the Company's main undertaking or on the liquidation of the Company, no commission or fee can be paid to a Director or a liquidator unless it has been ratified by the Company in general meeting (Proposed Constitution, clause 15.2); and
- (f) providing the Directors with broad discretion to adopt a scheme or plan to provide retiring or superannuation benefits to present and future non-executive Directors and removing restrictions included in the existing Constitution, including that the Director has been or the former Director had been, at the date of retirement, a Director for a continuous period of at least 5 years (Proposed Constitution, clause 15.5).

### **Dividends (clause 22)**

Section 254T of the Corporations Act was amended effective 28 June 2010.

There is now a three-tiered test that a company will need to satisfy before paying a dividend replacing the previous test that dividends may only be paid out of profits.

The amended requirements provide that a company must not pay a dividend unless:

- (a) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- (b) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
- (c) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The existing Constitution reflects the former profits test and restricts the dividends to be paid only out of the profits of the Company. The Proposed Constitution is updated to reflect the new requirements of the Corporations Act. The Directors consider it appropriate to update the Constitution for this amendment to allow more flexibility in the payment of dividends in the future should the Company be in a position to pay dividends.

### **Partial (proportional) takeover provisions (new clause 36)**

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

Pursuant to Section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

### Information required by Section 648G of the Corporations Act

#### *Effect of proposed proportional takeover provisions*

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

#### *Reasons for proportional takeover provisions*

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

#### *Knowledge of any acquisition proposals*

As at the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

#### *Potential advantages and disadvantages of proportional takeover provisions*

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (a) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) assisting in preventing Shareholders from being locked in as a minority;
- (c) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (d) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (a) proportional takeover bids may be discouraged;
- (b) lost opportunity to sell a portion of their Shares at a premium; and
- (c) the likelihood of a proportional takeover bid succeeding may be reduced.

#### Recommendation of the Board

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 14.

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## GLOSSARY

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**\$** means Australian dollars.

**AEDT** means Australian Eastern Daylight Time as observed in Sydney, New South Wales.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited.

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Calibre** has the meaning given in Section **Error! Reference source not found.** of the Explanatory Statement.

**Calibre Placement** has the meaning given in Section 9.1 of the Explanatory Statement.

**Cancellation Shareholders** means each of:

- (a) George Karafotias and each person he transferred these Shares to in respect of the 195,000,000 Shares issued on 16 June 2011;
- (b) initial seed investors in respect of the 20,750,000 Shares issued on 30 March 2012; and
- (c) holders of convertible notes in respect of the 31,900,000 Shares issued on 15 August 2011.

**Capital Raising** has the meaning given in Section 6.1 of the Explanatory Statement.

**Closely Related Party** of a member of Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

**Company** means Biron Apparel Limited (ACN 009 087 469).

**Constitution** means the Company's constitution.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Consultants' Placement** has the meaning given in Section 8.1 of the Explanatory Statement.

**DOCA** has the meaning given to it in Section 1.1.

**DOCA Creditors** means those parties who have provided funds for payments to be made under the DOCA.

**Directors** means the current directors of the Company.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**General Meeting** or **Meeting** means the meeting convened by the Notice.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Notice** or **Notice of Meeting** or **Notice of General Meeting** means this notice of general meeting including the Explanatory Statement and the Proxy Form.

**Proposed Constitution** has the meaning give in Section 13.1 of the Explanatory Statement.

**Proxy Form** means the proxy form accompanying the Notice.

**Resolutions** means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

**Related Parties** has the meaning given in Section 7.1 of the Explanatory Statement.

**Related Party Shares** has the meaning given in:

- (a) Section 2.1 of the Explanatory Statement when used in the context of Section 0 of the Explanatory Statement; and
- (b) Section 7.1 of the Explanatory Statement when used in the context of Section 8 of the Explanatory Statement.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

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## ANNEXURE A – NOMINATION OF AUDITOR

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I, Filmrim Pty Ltd as a shareholder of Biron Apparel Limited (ABN 50 009 087 469), hereby nominate Rothsay Chartered Accountants of Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA as Auditors for the Company.



Maurice Fellich

Director  
2/10/14



## PROXY FORM

**BIRON APPAREL LIMITED**  
**ACN 009 087 469**

### SPECIAL GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Special General Meeting, hereby appoint:

Name:

**OR:** ☐ the Chair of the Special General Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Special General Meeting to be held at 3pm, on 27 January 2015 at Level 15, 37 York Street Sydney NSW 2000, and at any adjournment thereof.

#### CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

**The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.**

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**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

#### Voting on Business of the Special General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 – Approval for Selective Capital Reduction – 95,000,000 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Approval for Selective Capital Reduction – 20,750,000 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Approval for Selective Capital Reduction – 31,900,000 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is

**Signature of Member(s):**

**Date:**

**Individual or Member 1**

**Member 2**

**Member 3**

**Sole Director/Company  
Secretary**

**Director**

**Director/Company Secretary**

**Contact Name:** \_\_\_\_\_ **Contact Ph (daytime):** \_\_\_\_\_

**E-mail address:** \_\_\_\_\_ **Consent for contact by e-mail  
in relation to this Proxy Form:** YES ☐ NO ☐

**BIRON APPAREL LIMITED**  
**ACN 009 087 469**

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Special General Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Special General Meeting. If a Shareholder is entitled to cast 2 or more votes at the Special General Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Special General Meeting. However, where both proxies attend the Special General Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
  - **(Individual):** Where the holding is in one name, the Shareholder must sign.
  - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
  - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Special General Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Special General Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Special General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to Level 17, 499 St. Kilda Road Melbourne Victoria 3004; or
  - (b) facsimile to the Company on facsimile number +61 3 9866 5859;

so that it is received not less than 48 hours prior to commencement of the Special General Meeting.

**Proxy forms received later than this time will be invalid.**

## PROXY FORM

**BIRON APPAREL LIMITED**  
**ACN 009 087 469**

### GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

**OR:** ☐ the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 3.30pm, on 27 January 2015 at Level 15, 37 York Street Sydney NSW 2000, and at any adjournment thereof.

#### AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

**Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 2, 7, 8 and 15 (except where I/we have indicated a different voting intention below) even though Resolutions 2, 7, 8 and 15 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.**

#### CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

**The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.**

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**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

#### Voting on Business of the General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 – Approval for Selective Reduction of Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Issue of 9,800,000 Shares to Related Party – George Karafotias	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Issue of 185,200,000 Shares to DOCA Creditors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Issue of 31,900,000 Shares to Convertible Note Holders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Issue of 69,500,000 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – Issue of 40,000,000 Shares pursuant to Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 – Issue of 3,000,000 Shares to Related Party – Chris Botica	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 – Issue of 3,000,000 Shares to Related Party – Peter Angelakos	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9 – Issue of 30,000,000 Shares to consultants, service providers and creditors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10 – Issue of 5,000,000 Shares to Sanlam Private Wealth Pty Ltd trading as Calibre Investments Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11 – Election of Director – George Karafotias	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12 – Election of Director – Christopher Botica	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 13 – Election of Director – Peter Angelakos	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 14 – Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 15 – Non Executive Director's Remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 16 – Replacement of constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is \_\_\_\_\_ %

**Proxy Form General Meeting cont.**

**Signature of Member(s):**

**Date:**

**Individual or Member 1**

**Member 2**

**Member 3**

**Sole Director/Company  
Secretary**

**Director**

**Director/Company Secretary**

**Contact Name:** \_\_\_\_\_ **Contact Ph (daytime):** \_\_\_\_\_

**E-mail address:** \_\_\_\_\_

**Consent for contact by e-mail  
in relation to this Proxy Form:**

**YES** ☐ **NO** ☐

**BIRON APPAREL LIMITED**  
**ACN 009 087 469**

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
  - **(Individual):** Where the holding is in one name, the Shareholder must sign.
  - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
  - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to Level 17, 499 St. Kilda Road Melbourne Victoria 3004; or
  - (b) facsimile to the Company on facsimile number +61 3 9866 5859;so that it is received not less than 48 hours prior to commencement of the Meeting.

**Proxy forms received later than this time will be invalid.**