

PROPHECY INTERNATIONAL HOLDINGS LIMITED
ACN 079 971 618

NOTICE OF ANNUAL GENERAL MEETING
EXPLANATORY MEMORANDUM
PROXY FORM

Date of Meeting

12 November 2010

Time of Meeting

11.00 am (SA time)

Place of Meeting

The Rendezvous Allegra Hotel
55 Waymouth Street
Adelaide SA 5000

NOTICE OF ANNUAL GENERAL MEETING
PROPHECY INTERNATIONAL HOLDINGS LIMITED
ACN 079 971 618

Notice is hereby given that the Annual General Meeting of shareholders of Prophecy International Holdings Limited (**Company**) will be held at The Rendezvous Allegra Hotel, 55 Waymouth Street, Adelaide, South Australia at 11.00 am (SA time) on 12 November 2010.

Ordinary Business

To consider the Financial Statements for the financial year ended 30 June 2010 and accompanying reports of the Directors and Auditor.

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

Resolution 1: Re-election of Edwin Reynolds as Director

'That Mr Edwin Reynolds, being a Director of the Company, retires at the Annual General Meeting of the Company and being eligible, and offering himself, for re-election, is re-elected as a Director.'

Resolution 2: Subsequent approval of the issue of 900,000 ordinary shares

'That for the purpose of ASX Listing Rule 7.4 and all other purposes, approval be and is hereby given to the allotment and issue by the Company of 900,000 ordinary shares on the terms and conditions set out in the Explanatory Memorandum that accompanies this Notice of General Meeting.'

Resolution 3: Adoption of Remuneration Report

'That the Company adopt the Remuneration Report for the year ended 30 June 2010 as set out in the Company's Annual Report for the year ended 30 June 2010.'

DATED 16th September 2010

BY ORDER OF THE BOARD
PROPHECY INTERNATIONAL HOLDINGS LIMITED



ANTHONY P WEBER
COMPANY SECRETARY

NOTES:

1. Explanatory Memorandum

The Explanatory Memorandum accompanying this Notice of Annual General Meeting is incorporated in and comprises part of this Notice of Annual General Meeting and should be read in conjunction with this Notice of Annual General Meeting.

Shareholders are specifically referred to the Glossary in the Explanatory Memorandum which contains definitions of capitalised terms used in both this Notice of Annual General Meeting and the Explanatory Memorandum.

2. Voting Exclusion Statement – Resolution 2

The Company will disregard any votes cast on Resolution 2 by Melissa Fanning, Grant Miles, Rachael Miles, Darren Shaw, Jillian Shaw and John Shaw and associates of each of them.

However the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) 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.

3. Proxies

A shareholder entitled to attend this Meeting and vote is entitled to appoint a proxy to attend and vote for the shareholder at the Meeting. A proxy need not be a shareholder. If the shareholder is entitled to cast two or more votes at the Meeting the shareholder may appoint two proxies and may specify the proportion or number of votes which each proxy is appointed to exercise. A form of proxy accompanies this Notice.

4. ‘Snap Shot’ Time

The Company may specify a time, not more than 48 hours before the Meeting, at which a ‘snap-shot’ of shareholders will be taken for the purposes of determining shareholder entitlements to vote at the Meeting. The Directors have determined that all shares of the Company that are quoted on ASX as at 7.00 pm (SA time) on 10 November 2010 shall, for the purposes of determining voting entitlements at the Meeting, be taken to be held by the persons registered as holding the shares at that time.

5. Corporate Representative

Any corporate shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company’s representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum forms part of a Notice convening an Annual General Meeting of shareholders of Prophecy International Holdings Limited to be held on 12 November 2010. This Explanatory Memorandum is to assist shareholders in understanding the background to and the legal and other implications of the Notice and the reasons for the resolutions proposed. Both documents should be read in their entirety and in conjunction with each other.

Other than the information set out in this Explanatory Memorandum the Directors believe that there is no other information that could reasonably be required by shareholders to consider Resolutions 1, 2 and 3.

All of the resolutions are ordinary resolutions. They are separate resolutions and in no way dependent on each other.

1. RESOLUTION 1: RE-ELECTION OF EDWIN REYNOLDS AS DIRECTOR

Mr Edwin Reynolds was appointed as a Director on 4 September 1997.

The Constitution requires that any Director who, if they did not retire at the Annual General Meeting, would at the next Annual General Meeting have held office for more than three years must automatically retire, but is eligible for re-election at the Annual General Meeting. Mr Reynolds automatically retired as a Director at the Company's Annual General Meeting held on 14 November 2008 and was re-elected at that Annual General Meeting.

As Mr Reynolds would at the next Annual General Meeting have held office for more than three years, he retires as a Director but, being eligible, offers himself for re-election.

Mr Reynolds has held various positions within the IT industry, which have given him wide-ranging and extensive experience. Mr Reynolds joined the Company as General Manager in 1987 and has contributed to the Company in various roles. Mr Reynolds is passionate about ensuring the Company achieves its targets and is on track to deliver future success.

The Directors recommend that shareholders vote in favour of Resolution 1.

2. RESOLUTION 2: SUBSEQUENT APPROVAL OF THE ISSUE OF 900,000 ORDINARY SHARES

ASX Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12 month period which exceed 15% of the number of ordinary securities of the company held at the beginning of the 12 month period, except with the prior approval of shareholders of the company in general meeting unless an exception in ASX Listing Rule 7.1 applies.

However, ASX Listing Rule 7.4 provides that an issue of equity securities made without approval under ASX Listing Rule 7.1 is treated as having been made with shareholder approval for the purpose of ASX Listing Rule 7.1 if:

- the issue did not breach ASX Listing Rule 7.1; and
- holders of ordinary securities subsequently approve it.

As announced to ASX on 21 December 2009, on 18 December 2009 the Company entered into a Share Sale Agreement (**Agreement**) to acquire all of the issued shares in the capital of Promadis Pty Limited (**Promadis**). In accordance with the Agreement, on 11 January 2010 the Company issued 900,000 fully paid ordinary shares as part consideration for the shares in Promadis as follows:

Melissa Fanning	70,000 shares
Grant Miles and Rachael Miles	250,000 shares
Darren Shaw	40,000 shares
Darren Shaw and Melissa Fanning	200,000 shares
Jillian Shaw	170,000 shares
John Shaw	170,000 shares

The purpose of Resolution 2 is to seek shareholder approval to the issue of the shares under ASX Listing Rule 7.4. If shareholders approve the issue of the shares for the purpose of ASX Listing Rule 7.4, the issue of the shares will not count towards determining the number of equity securities which the Company can issue in any 12 month period. The issue of the shares does not depend upon shareholders passing Resolution 2. However, if shareholders do not approve the issue of the shares for the purpose of ASX Listing Rule 7.4, the issue of the shares will count towards the number of equity securities which the Company can issue in any 12 month period.

For the purpose of ASX Listing Rule 7.5 information regarding the shares is provided as follows:

- 900,000 shares have been allotted.
- The shares have been issued for no consideration (but with a notional issue price of \$0.65).
- The terms and conditions of the shares are the same as the terms and conditions of already issued fully paid ordinary shares in the Company.
- The allottees of the shares are identified above.
- No funds were raised from the issue of the shares.

The Directors recommend that shareholders vote in favour of Resolution 2.

3. **RESOLUTION 3: ADOPTION OF REMUNERATION REPORT**

The Annual Report for the year ended 30 June 2010 contains a Remuneration Report which sets out the remuneration policy of the Company.

Section 250R(2) of the Corporations Act requires that a resolution to adopt the Remuneration Report be put to the vote of the Company. Shareholders should note that the vote on Resolution 3 is advisory only and will not bind the Company or the Directors. However, the Board will take the outcome of the vote into consideration when reviewing the Company's remuneration policy.

GLOSSARY

In this Explanatory Memorandum and Notice of Annual General Meeting the following expressions have the following meanings unless stated otherwise or unless the context otherwise requires:

ASX means ASX Limited ACN 008 624 691;

ASX Listing Rules means the official listing rules of ASX;

Board means the board of directors of the Company;

Company means Prophecy International Holdings Limited ACN 079 971 618;

Constitution means the constitution of the Company;

Corporations Act means *Corporations Act 2001* (Cth);

Director means a director of the Company;

Meeting means the meeting of shareholders convened by the Notice; and

Notice means the notice of meeting to which this Explanatory Memorandum is attached.



Prophecy International Holdings Limited

ABN 16 079 971 618

000001 000 PRO
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:



Online:
www.investorvote.com.au



By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form



Vote online or view the annual report, 24 hours a day, 7 days a week:

www.investorvote.com.au



Cast your proxy vote



Access the annual report



Review and update your securityholding

Your secure access information is:

Control Number: 999999

SRN/HIN: 1999999999

PIN: 99999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



For your vote to be effective it must be received by 11:00 am Wednesday, 10 November 2010

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

Attending the Meeting

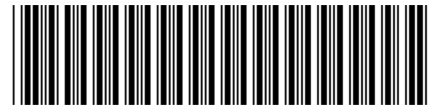
Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** ➔

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Prophecy International Holdings Limited hereby appoint

the Chairman of the meeting OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Prophecy International Holdings Limited to be held at The Rendezvous Allegra Hotel, 55 Waymouth Street Adelaide, South Australia on Friday, 12 November 2010 at 11:00 am (SA time) and at any adjournment of that meeting.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1 Re-election of Edwin Reynolds as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Subsequent approval of the issue of 900,000 ordinary shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date ____/____/____

PRO

999999A

Computershare +