



ABN 60 066 153 982

---

**NOTICE OF ANNUAL GENERAL MEETING**

**EXPLANATORY MEMORANDUM**

**PROXY FORM**

---

**Date of Meeting**

Tuesday, 30 November 2010

**Time of Meeting**

10.00 am (WST)

**Place of Meeting**

Unit 34A, 25 Walters Drive  
Osborne Park, Western Australia 6017

**ANNUAL REPORT**

The 2010 Annual Report is available from the Company's website via the following link: <http://www.webspy.com/about/publications.aspx>.

## NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of WebSpy Limited (**Company** or **WebSpy**) is to be held on Tuesday, 30 November 2010, at Unit 34A, 25 Walters Drive, Osborne Park, Western Australia, 6017, commencing at 10:00 am (WST).

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

### BUSINESS

#### Financial Report

To receive and consider the financial report for the year ended 30 June 2010 together with the directors' report and auditor's report.

#### Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass the following resolution as a **non-binding resolution**:

*"To adopt the Remuneration Report for the year ended 30 June 2010."*

#### Resolution 2 – Re-election of Director – Mr Kim Redstall

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

*"That Mr Redstall, being a director of the Company who retires by rotation in accordance with Clause 3.6 of the Company's Constitution and being eligible and offering himself for re-election, be re-elected as a Director of the Company."*

#### Resolution 3 – Re-election of Director – Mr Ben Donovan

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

*"That Mr Donovan, being a director of the Company who, having been appointed on 20 November 2009, retires in accordance with Clause 3.3 of the Company's Constitution and being eligible and offering himself for re-election, be re-elected as a Director of the Company."*

#### Resolution 4 – Approval of Non-Executive Directors' Remuneration

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

*"That for the purposes of Listing Rule 10.17 of the Listing Rules of ASX Limited, Clause 10.2 of the Company's Constitution and all other purposes, the maximum aggregate directors' remuneration payable to non-executive directors of the Company be set at \$150,000 per annum, which may be divided among those directors in the manner determined by the Board of the Company from time to time."*

**Short Explanation:** The Company's Constitution requires that the maximum aggregate remuneration that may be paid to non-executive directors of the Company be set by the Company in general meeting. ASX Listing Rule 10.17 prohibits a company increasing the amount of fees it pays to its directors unless the increase is approved by shareholders.

**Voting Exclusion Statement:** For the purposes of ASX Listing Rule 10.17, the Company will disregard any votes cast on this resolution by a Director of the Company and any of their associates. However, the Company need not disregard a vote if:

- (a) it is cast by that person (excluded from voting) as proxy, appointed in writing for a person who is entitled to vote, in accordance with the directions on the proxy form and is not cast on behalf of a person (excluded from voting) or their associates; or
- (b) it is cast by a person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

#### Resolution 5 – Ratification of the Issue of 25,000,000 Convertible Notes

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

*"That, for the purposes of Listing Rule 7.4 of the Listing Rules of ASX Limited and all other purposes, shareholders of the Company ratify the issue of 25,000,000 Convertible Notes to CVC Private Equity Limited ACN 059 092 198 at an issue price of \$0.02 per Convertible Note on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice."*

**Short Explanation:** Under ASX Listing Rule 7.4, a company may seek shareholder approval to ratify an issue of securities provided that the issue does not fall within one of the exceptions to Listing Rule 7.1 and did not breach the 15% restriction contained in Listing Rule 7.1. This resolution if approved will allow the Company to have the flexibility to make future issues of securities up to the threshold of 15% of its fully paid ordinary shares in any 12 month period. Please refer to the Explanatory Memorandum for details.

**Voting Exclusion:** The Company will in accordance with the Listing Rules, disregard any votes cast on Resolution 5 by any of the persons who participated in the issue the subject of Resolution 5 and any associate of any of those persons. 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 a 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.

#### **Resolution 6 – Ratification of the Issue of 2,000,000 Shares**

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

*“That, for the purposes of Listing Rule 7.4 of the Listing Rules of ASX Limited and all other purposes, shareholders of the Company ratify the issue of 2,000,000 Shares to CVC Private Equity Limited ACN 059 092 198 at an issue price of \$0.02 per Share on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice.”*

**Short Explanation:** Under ASX Listing Rule 7.4, a company may seek shareholder approval to ratify an issue of securities provided that the issue does not fall within one of the exceptions to Listing Rule 7.1 and did not breach the 15% restriction contained in Listing Rule 7.1. This resolution if approved will allow the Company to have the flexibility to make future issues of securities up to the threshold of 15% of its fully paid ordinary shares in any 12 month period. Please refer to the Explanatory Memorandum for details.

**Voting Exclusion:** The Company will in accordance with the Listing Rules, disregard any votes cast on Resolution 6 by any of the persons who participated in the issue the subject of Resolution 6 and any associate of any of those persons. 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 a 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.

#### **Resolution 7 – Ratification of the Issue of 2,500,000 Shares**

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

*“That, for the purposes of Listing Rule 7.4 of the Listing Rules of ASX Limited and all other purposes, shareholders of the Company ratify the issue of 2,500,000 Shares to a consultant of the Company at an issue price of \$0.015 per Share on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice.”*

**Short Explanation:** Under ASX Listing Rule 7.4, a company may seek shareholder approval to ratify an issue of securities provided that the issue does not fall within one of the exceptions to Listing Rule 7.1 and did not breach the 15% restriction contained in Listing Rule 7.1. This resolution if approved will allow the Company to have the flexibility to make future issues of securities up to the threshold of 15% of its fully paid ordinary shares in any 12 month period. Please refer to the Explanatory Memorandum for details.

**Voting Exclusion:** The Company will in accordance with the Listing Rules, disregard any votes cast on Resolution 7 by any of the persons who participated in the issue the subject of Resolution 7 and any associate of any of those persons. 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 a 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.

#### **Resolution 8 – Ratification of the Issue of 15,000,000 Shares and 15,000,000 Options**

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

*“That, for the purposes of Listing Rule 7.4 of the Listing Rules of ASX Limited and all other purposes, shareholders of the Company ratify the issue of 15,000,000 Shares at an issue price of \$0.02 per Share and 15,000,000 free attaching Options on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice.”*

**Short Explanation:** Under ASX Listing Rule 7.4, a company may seek shareholder approval to ratify an issue of securities provided that the issue does not fall within one of the exceptions to Listing Rule 7.1 and did not breach the 15% restriction contained in Listing Rule 7.1. This resolution if approved will allow the Company to have the flexibility to make future issues of securities up to the threshold of 15% of its fully paid ordinary shares in any 12 month period. Please refer to the Explanatory Memorandum for details.

**Voting Exclusion:** The Company will in accordance with the Listing Rules, disregard any votes cast on Resolution 8 by any of the persons who participated in the issue the subject of Resolution 8 and any associate of any of those persons. 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 a 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.

### Resolution 9 – Approval of the Issue of 3,500,000 Shares

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

*"That, for the purposes of Section 208 of the Corporations Act and Listing Rule 10.11 of the Listing Rules of ASX Limited and for all other purposes, shareholders of the Company approve and authorise the issue of 3,500,000 shares to Technology Capital Pty Ltd, a company associated with Mr Redstall, a director of the Company, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice."*

**Short Explanation:** The Shares are proposed to be issued to a company associated Mr Kim Redstall. Mr Redstall is a non-executive director of the Company and is therefore a related party for the purposes of the Corporations Act. Shareholder approval is required for the proposed issue of Shares. Please refer to the Explanatory Memorandum for details.

**Voting Exclusion:** The Company will in accordance with the Listing Rules and Section 224 of the Corporations Act, disregard any votes cast on Resolution 9 by Technology Capital Pty Ltd or its associates (which includes Mr Redstall, a director of the Company). 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 a 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.

### Resolution 10 – Appointment of Auditor

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

*"For the purposes of Section 327B of the Corporations Act and for all other purposes, the firm HLB Mann Judd (WA Partnership), of Level 4, 130 Stirling Street, Perth WA 6000 (having been nominated by a member of the Company and consented in writing to act in the capacity of auditor) be appointed as auditor of the Company in accordance with Section 327B(1) of the Corporations Act."*

**Short Explanation:** Pursuant to Section 329(5) of the Corporations Act, WHK Horwath Perth Audit Partnership has applied to ASIC for consent to resign as auditor of the Company, with effect from the date of the AGM. Subject to ASIC consenting to the resignation, and WHK Horwath Perth Audit Partnership then submitting its resignation to the Company, it is proposed that the Company appoint HLB Mann Judd (WA Partnership) as auditor of the Company. Pursuant to Section 328B(1) of the Corporations Act, a member of the Company has nominated HLB Mann Judd (WA Partnership) to be the Company's auditor. A copy of the nomination letter is attached to this Notice at Annexure A.

### Resolution 11 – Change of Company Name

To consider and, if thought fit to pass, the following resolution as a **special resolution**:

*"For the purposes of Section 157(1) of the Corporations Act and for all other purposes, the name of the Company be changed to 'qanda technology Limited'."*

### Resolution 12 – Change of Constitution

To consider and, if thought fit to pass, the following resolution as a **special resolution**:

*"That, for the purposes of Sections 136(1)(b) and 136(2) of the Corporations Act 2001 (Cth), the Constitution contained in the draft produced at this meeting and signed by the Chairman for identification purposes be and is hereby approved and adopted with effect from the conclusion of this Annual General Meeting in substitution for, and to the exclusion of, the existing Constitution of the Company."*

DATED THIS 27<sup>TH</sup> DAY OF OCTOBER 2010  
BY ORDER OF THE BOARD



Karen Logan  
Company Secretary

**IMPORTANT NOTES:**

1. A shareholder entitled to attend and vote is entitled to appoint not more than two proxies to attend and vote on behalf of the shareholder. A proxy need not be a shareholder of the Company, but must be a natural person (not a corporation). A proxy may also be appointed by reference to an office held by the proxy (eg the Company Secretary).
2. Where more than one proxy is appointed, each proxy may be appointed to represent a specified proportion of the shareholder's voting rights. If no such proportion is specified, each proxy may exercise half of the member's votes.
3. A proxy form is attached. A separate form must be used for each proxy. An additional form can be obtained by writing to the Company at PO Box 881, West Perth, Western Australia 6872 or by fax to (61 8) 9321 3377 or by email to shareholder@webspy.com. Alternatively, you may photocopy the attached form.
4. A duly completed proxy form and (where applicable) any power of attorney or a certified copy of the power of attorney must be received by the Company at its registered office or the address or fax number set out below, not less than 48 hours before the time for commencement of the meeting. Please send by post to PO Box 881, West Perth, Western Australia 6872 or by fax to (61 8) 9321 3377.
5. Any corporate member who has appointed a person to act as its corporate representative at the meeting should provide that person appropriate written documentation executed in accordance with the Corporations Act 2001 evidencing that the person is authorised to act as that company's representative. Please contact the Company Secretary if you require an appointment of corporate representative form. The authority may be sent to the Company in advance of the meeting or handed in at the meeting when registering as a corporate representative.
6. For the purposes of Section 1074E(2) of the Corporations Act and Regulation 7.11.37 of the *Corporations Regulations 2001*, the Company determines that members holding ordinary shares at 10.00 am (WST) on 28 November 2010 will be entitled to attend and vote at the Annual General Meeting.
7. The Explanatory Memorandum attached to this Notice forms part of this Notice.

## EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared to provide Shareholders with material information to enable them to make an informed decision on the business to be conducted at the Annual General Meeting of WebSpy Limited (**Company or WebSpy**).

The Directors recommend shareholders read this Explanatory Memorandum in full before making any decision in relation to the resolutions.

### **Financial Statements and Report**

Under the Corporations Act, the directors of the Company must table the financial report, the directors' report and the auditor's report for WebSpy for the year ended 30 June 2010 at the meeting.

These reports are set out in the 2010 Annual Report. Shareholders who elected to receive a printed copy of annual reports should have received the 2010 Annual Report with this Notice of Annual General Meeting. In accordance with section 314 (1AA)(c) of the Corporations Act 2001, the Company advises the 2010 Annual Report is available from the Company's website (<http://www.webspy.com/about/publications.aspx>).

Shareholders will be given reasonable opportunity at the meeting to ask questions and make comments on the financial report, the directors' report and the auditor's report.

### **Resolution 1 – Adoption of Remuneration Report**

Under the Corporations Act, the Company is required to include, in the directors' report, a detailed Remuneration Report setting out the prescribed information in relation to the remuneration of directors and executives of WebSpy and the Company's remuneration practices.

Shareholders will be given reasonable opportunity at the meeting to ask questions and make comments on the Remuneration Report.

The Remuneration Report is required to be submitted for adoption by a resolution of shareholders at the meeting. The vote on this resolution is advisory only and does not bind the directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing remuneration practices and policies.

### **Resolution 2 – Re-election of Director – Mr Kim Redstall**

Clause 3.6 of the Constitution requires that at the annual general meeting, one third of the Directors for the time being, or, if their number is not a whole number, the whole number nearest to one third, shall retire from office, provided always that no director except a Managing Director shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself for re-election. A retiring director is eligible for re-election.

Mr Redstall retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election.

Mr Redstall has significant operational, sales, marketing, merger and acquisition and management experience in the technology industry. He is the principal of Technology Capital, a specialist corporate advisory firm focused on mergers, acquisitions and related transactions within the technology sector and has over 20 years' experience with a range of private and public companies in the IT Industry. In addition to founding several start-ups, he has held a variety of sales, management and consulting roles in various IT businesses in both Australia and New Zealand. Mr Redstall is a Graduate Member of the Australian Institute of Company Directors.

#### *Directors' Recommendation*

The Board (other than Mr Redstall) recommends Shareholders vote in favour of the Resolution.

### **Resolution 3 – Re-election of Director – Mr Ben Donovan**

Clause 3.3 of the Constitution allows the Directors to appoint at any time a person to be a Director as an addition to the existing Directors. Any Director so appointed holds office only until the next following annual general meeting and is then eligible for re-election.

Mr Donovan having been appointed as a non-executive director by the Board on 20 November 2009, retires in accordance with the Company's Constitution and, being eligible, offers himself for re-election.

Mr Donovan holds a Bachelor of Commerce (Honours) in finance and commercial law. He is a Chartered Secretary and currently provides consultancy services on ASX listing rule and company secretarial matters. Mr Donovan spent over two years with the Perth office of ASX, providing ASX Listing Rule advice to listed companies. Prior to joining the ASX, Mr Donovan worked at a boutique stockbroking institution in Perth on various corporate advisory and stock broking matters.

#### *Directors' Recommendation*

The Board (other than Mr Donovan) recommends Shareholders vote in favour of the Resolution.

### **Resolution 4 – Approval of Non-Executive Directors' Remuneration**

The Company's Constitution provides that non-executive directors may be collectively paid as remuneration for their services a fixed sum not exceeding an aggregate maximum as determined by the Company in general meeting. ASX Listing Rule 10.17 prohibits a company increasing the amount of fees it pays to its directors unless the increase is approved by shareholders.

Resolution 4 proposes an increase in the level of non-executive directors' fees and seeks such shareholder approval. Presently the two paid non-executive directors of the Company receive an aggregate sum of \$40,000 per annum. It is proposed that the total maximum amount payable by the Company each year to non-executive directors be set at an aggregate amount of \$150,000. The current total maximum amount payable by the Company each year to non-executive directors is an aggregate amount of \$75,000. Therefore if Shareholders pass this resolution, this amount will be increased by \$75,000.

The Company's Constitution allows the directors to divide the total aggregate amount between themselves in such manner and proportion as they may from time to time agree.

It should be noted that the proposed aggregate amount will not be utilised immediately. However, it allows some scope for additions to the Board, should the Board wish to appoint additional non-executive director(s) in the future. The aggregate sum of \$150,000 has been determined by the Directors having regard to market-competitive remuneration levels required to attract, retain and fairly reward non-executive directors, and to enable Directors to increase remuneration levels over time without frequent reference of the aggregate sum to Shareholders for approval.

It is not proposed that executive directors receive any fees for acting as a director.

#### *Directors' Recommendation*

The Board (other than the non-executive directors) recommends Shareholders vote in favour of the Resolution.

### **Resolution 5 – Ratification of the Issue of 25,000,000 Convertible Notes**

As announced to ASX on 18 March 2010, the Company entered the Convertible Note Deed in relation to a convertible note facility of up to \$700,000.

A total of \$500,000 has been drawn down as at the date of this Notice.

Subject to certain exceptions, Listing Rule 7.1 restricts a company from issuing equity securities in any 12 month period which amount to more than 15% of the company's fully paid ordinary shares on issue at the commencement of that period without shareholder approval.

An exception to this rule contained in Listing Rule 7.4 provides that an issue made within the 15% limit will be treated as having been made with the approval of shareholders under Listing Rule 7.1 if subsequently approved by Shareholders, thereby "refreshing" the Company's ability to issue securities within the 15% limit. While the shares described in this Resolution 5 were issued within the 15% limit, the Company seeks Shareholder ratification of the issue of those shares for the purpose of Listing Rule 7.4, so that the Company's ability to issue securities will be "refreshed" and it will have flexibility to issue further securities should the need or opportunity arise.

In accordance with the requirements of Listing Rule 7.5, the following information is provided to Shareholders to enable them to ratify the issue of Convertible Notes pursuant to the Convertible Note Deed:

- (a) The total number of securities allotted was 25,000,000 Convertible Notes.
- (b) The Convertible Notes were issued at an issue price of \$0.02 per Convertible Note.
- (c) The Convertible Notes are issued on the terms and conditions set out in Schedule 2 of this Explanatory Memorandum.
- (d) The Convertible Notes were issued to CVC Private Equity Limited ACN 059 092 198 , who is not a related party of the Company.
- (e) The funds raised from this issue are being used for the expansion of the Marketboomer business unit, ongoing R&D work and to supplement the Company's working capital.

*Directors' Recommendation*

The Board believes that refreshing the Company's ability to issue shares within the 15% limit is in the best interests of the Company, thereby maintaining its flexibility to make placements of securities without seeking shareholder approval if the need or opportunity arises. Accordingly, the Board recommends Shareholders vote in favour of the Resolution.

**Resolution 6 – Ratification of the Issue of 2,000,000 Shares**

As announced to ASX on 18 March 2010, the Company completed an issue of 2,000,000 Shares at a deemed issue price of \$0.02 each in satisfaction of the facility fee payable to CVC pursuant to the Convertible Note Deed.

Subject to certain exceptions, Listing Rule 7.1 restricts a company from issuing equity securities in any 12 month period which amount to more than 15% of the company's fully paid ordinary shares on issue at the commencement of that period without shareholder approval.

An exception to this rule contained in Listing Rule 7.4 provides that an issue made within the 15% limit will be treated as having been made with the approval of shareholders under Listing Rule 7.1 if subsequently approved by Shareholders, thereby "refreshing" the Company's ability to issue securities within the 15% limit. While the shares described in this Resolution 6 were issued within the 15% limit, the Company seeks Shareholder ratification of the issue of those shares for the purpose of Listing Rule 7.4, so that the Company's ability to issue securities will be "refreshed" and it will have flexibility to issue further securities should the need or opportunity arise.

In accordance with the requirements of Listing Rule 7.5, the following information is provided to Shareholders to enable them to ratify the issue made on 18 March 2010:

- (a) The total number of securities allotted was 2,000,000 Shares.
- (b) The Shares were issued at a deemed issue price of \$0.02 per Share.
- (c) The Shares issued rank equally with the existing Shares on issue.
- (d) The Shares were issued to CVC, who is not a related party of the Company.
- (e) No funds were raised as the issue was in satisfaction of the facility fee payable under the Convertible Note Deed.

*Directors' Recommendation*

The Board believes that refreshing the Company's ability to issue shares within the 15% limit is in the best interests of the Company, thereby maintaining its flexibility to make placements of securities without seeking shareholder approval if the need or opportunity arises. Accordingly, the Board recommends Shareholders vote in favour of the Resolution.

**Resolution 7 – Ratification of the Issue of 2,500,000 Shares**

As announced to ASX on 17 September 2010, the Company issued 2,500,000 Shares to a consultant of the Company for services rendered.

Subject to certain exceptions, Listing Rule 7.1 restricts a company from issuing equity securities in any 12 month period which amount to more than 15% of the company's fully paid ordinary shares on issue at the commencement of that period without shareholder approval.



An exception to this rule contained in Listing Rule 7.4 provides that an issue made within the 15% limit will be treated as having been made with the approval of shareholders under Listing Rule 7.1 if subsequently approved by Shareholders, thereby “refreshing” the Company’s ability to issue securities within the 15% limit. While the shares described in this Resolution 7 were issued within the 15% limit, the Company seeks Shareholder ratification of the issue of those shares for the purpose of Listing Rule 7.4, so that the Company’s ability to issue securities will be “refreshed” and it will have flexibility to issue further securities should the need or opportunity arise.

In accordance with the requirements of Listing Rule 7.5, the following information is provided to Shareholders to enable them to ratify the issue made on 17 September 2010:

- (a) The total number of securities allotted was 2,500,000 Shares.
- (b) The Shares were issued at a deemed issue price of \$0.015 per Share.
- (c) The Shares issued rank equally with the existing Shares on issue.
- (d) The Shares were issued to Townshend York Pty Ltd ACN 101 473 554, who is not a related party of the Company.
- (e) No funds were raised as the issue was in satisfaction of services rendered.

*Directors’ Recommendation*

The Board believes that refreshing the Company’s ability to issue shares within the 15% limit is in the best interests of the Company, thereby maintaining its flexibility to make placements of securities without seeking shareholder approval if the need or opportunity arises. Accordingly, the Board recommends Shareholders vote in favour of the Resolution.

**Resolution 8 – Ratification of the Issue of 15,000,000 Shares and 15,000,000 Options**

As announced to ASX on 12 and 13 October 2010, the Company completed a placement to a sophisticated investor of 15,000,000 Shares at an issue price of \$0.02 per Share with free attaching Options on a one for one basis to raise \$300,000, before costs of the issue.

Subject to certain exceptions, Listing Rule 7.1 restricts a company from issuing equity securities in any 12 month period which amount to more than 15% of the company’s fully paid ordinary shares on issue at the commencement of that period without shareholder approval.

An exception to this rule contained in Listing Rule 7.4 provides that an issue made within the 15% limit will be treated as having been made with the approval of shareholders under Listing Rule 7.1 if subsequently approved by Shareholders, thereby “refreshing” the Company’s ability to issue securities within the 15% limit. While the shares described in this Resolution 8 were issued within the 15% limit, the Company seeks Shareholder ratification of the issue of those shares for the purpose of Listing Rule 7.4, so that the Company’s ability to issue securities will be “refreshed” and it will have flexibility to issue further securities should the need or opportunity arise.

In accordance with the requirements of Listing Rule 7.5, the following information is provided to Shareholders to enable them to ratify the issues made on 12 and 13 October 2010:

- (a) The total number of securities allotted was 15,000,000 Shares and 15,000,000 Options;
- (b) The Shares were issued at an issue price of \$0.02 per Share. For every Share issued there was granted for no additional consideration one Option, exercisable at \$0.02 each with an expiry date of 3 years after their date of issue.
- (c) The Shares issued rank equally with the existing Shares on issue. The terms of the Options are set out in Schedule 1 to this Explanatory Memorandum.
- (d) The allottees of the Shares and Options were:
  - a. Colada Investments Limited (Company Number 7385673) – 10,000,000 Shares and 10,000,000 Options; and
  - b. Lloyds & Casanove Investment Partners Limited (Company Number 04487452) – 5,000,000 Shares and 5,000,000 Options,and neither party is a related party of the Company.
- (e) Funds raised from the issue of Shares and Options will be applied to the expansion of the Marketboomer business unit, ongoing R&D work and to supplement the Company’s working capital.

*Directors’ Recommendation*

The Board believes that refreshing the Company’s ability to issue shares within the 15% limit is in the best interests of the Company, thereby maintaining its flexibility to make placements of securities without seeking shareholder approval if the need or opportunity arises. Accordingly, the Board recommends Shareholders vote in favour of the Resolution.

---

## **Resolution 9 – Approval of the Issue of 3,500,000 Shares**

Resolution 9 seeks Shareholder approval in accordance with Listing Rule 10.11 and Chapter 2E of the Corporations Act to issue 3,500,000 Shares to Technology Capital, a company associated with Mr Kim Redstall. Technology Capital provided consultancy services in connection with the acquisition of the Marketboomer group of entities in November 2009 (**Acquisition**). Subject to shareholder approval and pursuant to the terms of the Corporate Advisor Mandate, Technology Capital is entitled to be issued 3,500,000 Shares following the receipt of shareholder approval for the Acquisition.

### *Reason approval required*

Shareholder approval is required under Listing Rule 10.11 and section 208 of the Corporations Act because the issue of shares constitutes giving a financial benefit and the shares will be issued to a related party of the Company. Technology Capital is a related party of the Company as it is an entity controlled by Mr Kim Redstall who is a director of the Company.

Listing Rule 10.11 requires shareholder approval for the issue of securities to a related party of the Company.

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

1. the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
2. prior shareholder approval is obtained to the giving of the financial benefit.

It is the view of the Directors that the exceptions under Chapter 2E of the Corporations Act and Listing Rule 10.12 may not apply in the current circumstances. Accordingly, Shareholder approval pursuant to Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 is required for the issue of Shares to Technology Capital.

### *Specific information required by Listing Rule 10.13 and section 219 of the Corporations Act*

Listing Rule 10.13 and section 219 of the Corporations Act requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval for the issue of Shares:

- i) The related party is Technology Capital and it is a related party of the Company as it is an entity controlled by Mr Kim Redstall who is a director of the Company.
- ii) A total of 3,500,000 Shares will be issued to Technology Capital.
- iii) Each Share will be granted for nil cash consideration, accordingly no funds will be raised.
- iv) The Shares issued rank equally with the existing Shares on issue.
- v) The Company will grant the Shares no later than one month after the date of the Meeting or such longer period of time as ASX may in its discretion allow, and it is anticipated that allotment will occur on one date.
- vi) Based on the closing price of Shares traded on ASX on 13 October 2010 of 1.3 cents, the value of the Shares to be issued to Technology Capital is \$45,500.
- vii) If the Shares are issued to Technology Capital, the effect would be to dilute the shareholdings of the existing Shareholders by approximately 0.57% (based on the number of Shares on issue at the date of this Notice of Meeting, being 615,206,375 Shares and assuming no Options are exercised or Convertible Notes converted).
- viii) As at the date of this Notice of Meeting, neither Technology Capital nor Mr Redstall has a relevant interest in any securities of the Company: If Shareholders approve the proposed issue of Shares Mr Redstall will hold a relevant interest in 3,500,000 Shares.
- ix) The Company paid \$67,700 in fees to Technology Capital in the previous financial year and the proposed fees to be paid to Technology Capital in the current financial year are \$16,000. In addition, Mr Redstall's fees per annum for the previous and current financial years are \$10,000 and \$20,000 respectively (*excluding* the valuation of the Shares the subject of Resolution 9).

- xii) The following table gives details of the highest, lowest and latest price of the Company's Shares trading on the ASX over the past 12 months ending on 13 October 2010:

Highest Price	Date of Highest Price	Lowest Price	Date of Lowest Price	Latest Price on 13 October 2010
\$0.032	9 December 2009	\$0.010	1 April 2010 & 17 September 2010	\$0.013

- xii) The primary purpose for the issue of the Shares pursuant to Resolution 9 is in partial satisfaction of the terms and conditions of the Corporate Advisor Mandate. The Board (excluding Mr Redstall) considers that the services of Technology Capital were important in negotiating and implementing the Acquisition and that the issue of the Shares is part of a reasonable fee (taking into account the Company's and Technology Capital's circumstances). The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Shares upon the terms proposed.
- xiii) Other than the information above and otherwise in this Explanatory Memorandum, the Company believes that there is no other information that would be reasonably required by Shareholders to pass Resolutions 9.
- xiv) As Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required.

#### *Directors' Recommendation*

The Board (excluding Mr Redstall) considers that the services of Technology Capital were important in negotiating and implementing the Acquisition and that the issue of the Shares is part of a reasonable fee (taking into account the Company's and Technology Capital's circumstances). The directors of the Company (excluding Mr Redstall) believe that Resolution 9 is in the best interests of the Company, and therefore recommend that members vote in favour of Resolution 9.

Mr Redstall makes no recommendation regarding Resolution 9 given his interest in the outcome. The Company will disregard any votes cast on Resolution 9 by Mr Redstall and by any associates of Mr Redstall. However, the Company need not disregard a vote if 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 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.

#### **Resolution 10 – Appointment of Auditor**

WHK Horwath Perth Audit Partnership, the Company's present auditors, intend to resign as auditors of the Company. Pursuant to Section 329(5) of the Corporations Act, WHK Horwath Perth Audit Partnership will apply for ASIC's consent to resign as auditor of the Company, with effect from the date of the Company's next AGM, being Tuesday, 30 November 2010. Resolution 10 cannot be passed unless ASIC consents to the resignation, and WHK Horwath Perth Audit Partnership then submits its resignation by notice in writing given to the Company, prior to the Annual General Meeting.

In accordance with Section 328B(1) of the Corporations Act, Mr Peter George Vickers <Kimbalan Super Fund A/C>, a member of the Company, has nominated HLB Mann Judd (WA Partnership), of Level 4, 130 Stirling Street, Perth WA 6000 to be the Company's auditor by providing the Company with written notice of the nomination not less than 21 days before the Annual General Meeting. Under Section 328B(3) of the Corporations Act, a copy of this nomination:

- (a) has been sent to WHK Horwath Perth Audit Partnership;
- (b) has been sent to HLB Mann Judd (WA Partnership); and
- (c) is attached to this Notice at Annexure A.

Pursuant to Section 328A of the Corporations Act, HLB Mann Judd (WA Partnership) has provided the Company with written notice of its consent to act as Company auditor, to take effect from 30 November 2010.

#### *Directors' Recommendation*

The Board recommends Shareholders vote in favour of the Resolution.

#### **Resolution 11 – Change of Company Name**

The new name proposed to be adopted under Resolution 11 is 'qanda technology Limited'. The Directors believe that this new name more accurately reflects the core operations of the business. The new name should enhance the link between the core operations of the business and the parent company's identity.

Section 157 of the Corporations Act requires the members to pass a special resolution to change the Company's name. Accordingly, Shareholder approval is sought pursuant to this resolution.

#### *Directors' Recommendation*

The Board recommends Shareholders vote in favour of the Resolution.

#### **Resolution 12 – Change of Constitution**

Section 136(1)(b) of the Corporations Act provides that a company may adopt a new constitution by special resolution passed at a general meeting. Section 136(2) of the Corporations Act provides that a company may repeal its constitution by special resolution passed at a general meeting. A special resolution requires the approval of 75% of the votes cast by shareholders entitled to vote at the general meeting.

Resolution 12 is a special resolution which will enable the Company to 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.

The Company's current Constitution was adopted by special resolution on 2 July 1999. Since that time there have been numerous changes to the Corporations Act and the ASX Listing Rules. Consequently, a new constitution has been proposed for shareholder approval pursuant to Sections 136(1)(b) and 136(2) of the Corporations Act which has regard to the current regulations and requirements as they apply to the Company.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend and insert 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:

- updating references to bodies or legislation which have been renamed (e.g. references to SCH Business Rules, Corporations Law); and
- 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 at the Company's website and 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 8 9321 3322)). Shareholders are invited to contact the Company if they have any queries or concerns.

#### ***Summary of material proposed changes***

##### *Dividends*

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

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 12.

## DEFINITIONS

**\$** means an Australian dollar.

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

**ASX** means ASX Limited (ACN 008 624 691) and where the context permits the Australian Securities Exchange operated by ASX Limited.

**ASX Listing Rules** and **Listing Rules** mean the official listing rules of ASX.

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

**Company** or **WebSpy** means WebSpy Limited (ACN 066 153 982).

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

**Convertible Note** means a convertible note in the Company issued on the terms and conditions set out in Schedule 2 to this Explanatory Memorandum;

**Convertible Note Deed** means a deed titled '*Secured Redeemable Convertible Note Facility Deed*' dated 17 March 2010 between the Company and CVC;

**Corporate Advisor Mandate** means a mandate for corporate advisory services dated 20 July 2009 between Marketboomer Pty Ltd and Technology Capital;

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

**CVC** means CVC Private Equity Limited ACN 059 092 198;

**Director** means a Director of the Company and **Directors** means the directors of the Company.

**Explanatory Memorandum** means this explanatory memorandum accompanying the Notice of Annual General Meeting.

**Meeting** means the meeting of Shareholders convened by the Notice of Annual General Meeting.

**Notice** means this Notice of Annual General Meeting.

**Option** means an option to acquire a Share exercisable at \$0.02 each, with an expiry date of 3 years after their date of issue, on the terms and conditions set out in Schedule 1 to this Explanatory Memorandum.

**Remuneration Report** means the remuneration report as contained in the Company's annual financial report for the financial year ended 30 June 2010.

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

**Shareholder** means a shareholder of the Company.

**Technology Capital** means Technology Capital Pty Ltd ACN 137 200 090;

**WST** means Western Standard Time as observed in Perth, Western Australia.

## SCHEDULE 1

### Terms and Conditions of Options

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for one Share.
- (b) The Options will expire at 5.00pm (WST) on that date which is 3 years after their date of issue (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Option will be \$0.02 (**Exercise Price**).
- (d) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, a sufficient number in order for the Optionholder to hold a marketable parcel of Shares as defined by the ASX Listing Rules immediately following exercise must be exercised on each occasion, unless the balance of Options held is less than a marketable parcel in which case the Options must be exercised in whole.
- (e) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
  - a. a written notice of exercise of Options specifying the number of Options being exercised; and
  - b. a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;(**Exercise Notice**).
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (h) The Options are not transferable.
- (i) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (j) The Company will not apply for quotation of the Options on ASX. However, The Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (l) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (m) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

## SCHEDULE 2

### Terms and Conditions of Convertible Notes

The Convertible Notes are issued to the holder on the following terms and conditions:

- (a) **(General terms)** Each Convertible Note has the following general terms:
- (i) **(Secured)** Each Convertible Note is secured against the assets of the Company and its subsidiary Marketboomer Pty Ltd and will rank in priority to all other creditors of the Company and pari passu and rateably without any preference amongst themselves;
  - (ii) **(No voting rights)** A Convertible Note does not entitle the holder to vote at shareholder meetings of the Company;
  - (iii) **(Unlisted)** The Company will not apply for quotation of the Convertible Notes;
  - (iv) **(Transferable)** A Convertible Note may be transferred without the Company's consent where it would not require the Company to issue a disclosure document under the Corporations Act;
  - (v) **(Information and reports)** A Convertible Note confers on the holder the right to receive copies of all documents of the Company that are circulated to Shareholders.
- (b) **(Interest)** Subject to the application of the default interest rate, interest will accrue daily on the principal of each Convertible Note (\$0.02) at 12% per annum from the date of issue to the earlier of their conversion or redemption and will either:
- (i) be paid calendar monthly in arrears; or
  - (ii) be capitalised and remain owing until paid or converted.
- (c) **(Default Interest)** In the event the Company is in default under the Convertible Note Deed (e.g. non-payment of interest, an event of insolvency) the interest rate will increase to 24% per annum from the date of default and apply to any unpaid interest as well as the principal of each Convertible Note (\$0.02) until paid in full.
- (d) **(Conversion)** A Convertible Note (and any accrued interest) can be converted by the holder:
- (i) at any time on or before 18 March 2012 (**Maturity Date**);
  - (ii) within 10 days of receipt from the Company of a redemption notice; or
  - (iii) in the event the Company is in default under the Convertible Note Deed (e.g. non-payment of interest, an event of insolvency),
- and the Shares issued on conversion 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) **(Conversion ratio)** A Convertible Note will convert into that number of Shares calculated by dividing the principal amount (\$0.02 per Convertible Note) plus any unpaid interest by the conversion price (\$0.02 per Convertible Note subject to adjustment for reorganisations and rights issues or placements as set out below). Once aggregated, any fractional entitlements will be rounded down to the nearest whole number.
- (f) **(Reorganisation)** If at any time between issue and conversion there is a reorganisation of the issued capital of the Company, the conversion price of the Convertible Notes is to be treated in a manner consistent with ASX Listing Rule 7.21.
- (g) **(Bonus issue of Shares)** If at any time between issue and conversion there is a bonus issue of Shares, the number of securities over which a Convertible Note is convertible may be increased by the number of securities which the Noteholder would have received if the Convertible Note had been exercised before the record date for the bonus issue;



- (h) **(Rights issues and placements of Shares)** If at any time between issue and conversion or redemption there is a rights issue or placement of Shares, and the issue price is less than \$0.02, the conversion price of the Convertible Notes not already converted or redeemed will be reduced to the issue price of that rights issue or placement. In the event there is more than one rights issue or placement in this time period the conversion price will reduce to the lowest issue price.
- (i) **(Redemption)** A Convertible Note can be redeemed (if not previously converted):
- (i) **(By the Company)** At any time up to 14 days before the Maturity Date subject to the Noteholder not electing to convert within 10 days after notice by the Company of its intention to redeem;
  - (ii) **(By the Noteholder):**
    - i. in the event the Company is in default under the Convertible Note Deed (e.g. non-payment of interest, an event of insolvency); or
    - ii. within 10 Business Days of receipt of notice from the Company of a Major Transaction (as defined below); or
  - (iii) **(Automatically)** On the Maturity Date.
- (j) **(Major Transaction)** If at any time between issue of the Convertible Note and receipt of a conversion notice the Company must give the Noteholder notice within 5 business days of any of the following occurring:
- (i) A takeover bid is successful in obtaining a relevant interest in 50% or more;
  - (ii) A person otherwise acquires in excess of 50% of the aggregate voting power of Shares;
  - (iii) The Company is required to seek shareholder approval pursuant to ASX Listing Rule 11.2 in relation to the disposal of its main undertaking.
- (k) **(Buy back)** Subject to all necessary regulatory approvals, the Company has the right within 14 days of conversion of Convertible Notes to buy-back up to 60% of the Shares issued on that conversion at twice the conversion price.

## PROXY FORM

MR SAM SAMPLE  
UNIT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE WA 6060

### 1. Appointment of Proxy

I/We being a shareholder/s of WebSpy Limited hereby appoint

the Chairman of the Meeting **OR**  If you are appointing **someone other than** the Chairman of the Meeting, write here the name of the company or person you are appointing;

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 not directions have been given, as the proxy sees fit) at the Annual General Meeting of WebSpy Limited to be held at Unit 34A, 25 Walters Drive, Osborne Park, Western Australia at 10.00 am (WST) on Tuesday, 30 November 2010 and at any adjournment of that meeting.

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

If the Chair of the Annual General Meeting is appointed as your proxy, or may be appointed by default, and you do **not** wish to direct your proxy how to vote as your proxy in respect of **Resolution 3** please place a mark in this box.

By marking this box, you acknowledge that the Chair of the Annual General Meeting may exercise your proxy even if he has an interest in the outcome of Resolution 3 and that votes cast by the Chair of the Annual General Meeting for Resolution 3 other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on Resolution 3 and your votes will not be counted in calculating the required majority if a poll is called on Resolution 3.

### 2. Items of Business

Please mark  to indicate your voting directions.

	FOR	AGAINST	ABSTAIN
1. Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of Director – Mr Kim Redstall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Re-election of Director – Mr Ben Donovan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Approval of Non-Executive Directors' Remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Ratification of the Issue of 25,000,000 Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Ratification of the Issue of 2,000,000 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Ratification of the Issue of 2,500,000 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Ratification of the Issue of 15,000,000 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Approval of the Issue of 3,500,000 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Change of Company Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Change of Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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 on a poll and your votes will not be counted in computing the required majority.

### 3. Appointment of a Second Proxy

I/We wish to appoint a second proxy

Please mark  if you wish to appoint a second proxy. **AND**  % **OR**  State the percentage of your voting rights or the number of securities for this Proxy Form.

### 4. Signature of Securityholder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1

Individual/ Sole Director and  
Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/ Company Secretary

Contact Name

Contact Daytime Telephone

Date

## HOW TO COMPLETE THE PROXY FORM

### 1. Appointment of Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the company or person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that company or person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company.

If you have appointed a company as your proxy and a representative of that company wishes to attend the meeting, the representative will be required to provide the Company with the appropriate written documentation evidencing that the person is a representative of the proxy. Should you require it, the Company will provide you with an appointment of corporate representative form free of charge. Please contact the Company Secretary if you require an appointment of corporate representative form.

### 2. Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### 3. Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form.

To appoint a second proxy you must:

- (a) indicate that you wish to appoint a second proxy by marking the box.
- (b) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (c) return both forms together in the same envelope.

### 4. Signing Instructions

You must sign this form as follows in the spaces provided:

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 must sign.

Power of Attorney: To sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, 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.

### Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below no later than 48 hours before the commencement of the meeting at 10.00 am (WST) on 30 November 2010. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged by posting, delivery or facsimile to WebSpy Limited:-

PO Box 881  
West Perth WA 6872

Fax: (08) 9321-3377

### 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 the Company Secretary.

---