

18 January 2011

ASX RELEASE

Notice of General Meeting

Everest Financial Group Limited (**EFG**) will hold a general meeting to consider a proposed return of capital and share consolidation on Thursday, 24 February 2011 in the Prince Albert Room, Sir Stamford Hotel Circular Quay, 93 Macquarie Street, Sydney, NSW 2000 at 10.00am.

The notice of meeting, accompanying explanatory statement and proxy for the meeting are being mailed to shareholders. Copies of these documents follow this announcement and are available on the Everest Financial Group website at www.everest.com.au.

Ends.



NOTICE OF GENERAL MEETING & EXPLANATORY STATEMENT

Notice of general meeting and explanatory statement for Everest Financial Group Limited
(ABN 42 112 480 145)

Date of meeting:

24 February 2011

Time of meeting:

10.00 am

Place of Meeting:

Prince Albert Room, Sir Stamford Hotel Circular Quay, 93 Macquarie Street, Sydney, NSW 2000

IMPORTANT NOTICE

This is an important document. Please read it carefully and in its entirety. If you do not understand it, you should consult your stockbroker, solicitor, accountant or other professional adviser without delay. If you are unable to attend the Meeting, please complete the Proxy Form enclosed and return it in accordance with the instructions.

Chairman's Letter

18 January 2011

Dear Shareholder

On 28 June 2010, the Company announced it intended to wind down its operations and return capital to Shareholders. Since that time, various actions have been taken to wind down the Company's funds management business.

One of the actions taken in November 2010, (and announced to the market at that time) was Everest Capital Limited (**ECL**), a subsidiary of the Company, entering into a settlement of the Federal Court litigation between ECL, Mr Jeremy Reid, LJK Nominees Pty Ltd, BT Securities Limited and BT (Queensland) Pty Ltd. ECL has paid net \$1 million under the terms of settlement which are otherwise confidential.

Return of capital

As a result of the actions taken to wind down the Company's funds management business, the Company had cash surplus to its requirements and hence proposed to make an initial return of capital to Shareholders in an amount of between \$0.05 and \$0.0575 per Share. It was intended that this return of capital be approved by Shareholders at a meeting scheduled to take place on 13 December 2010. A notice convening that meeting was issued by the Company and lodged on the ASX company announcements platform on 12 November 2010.

Subsequent to the issue of that notice of meeting (and as previously announced to the market) ECL received a notice from ASIC requiring it to produce documents in connection with investigations being undertaken by ASIC. In addition, ECL was also served with a statement of claim by Bernard and Maurice Stang in relation to certain investments which they made some years ago in various funds operated and managed by ECL. In late December 2010, significant amendments to the Stangs' claim were made. Following a review of the Stangs' claim, ECL has indicated that it intends to vigorously defend this claim.

In light of these developments, the Board has formed the view that the Company should proceed to return an aggregate amount of \$10,057,693 (equal to \$0.04 per Share) to Shareholders. Further details of the proposed return of capital are set out in the accompanying Notice of Meeting and accompanying Explanatory Statement.

EFG will continue to monitor its cash requirements having regard to ongoing claims, insurance coverage and other circumstances, with a view to returning further capital to shareholders at the earliest opportunity.

Share consolidation

Subject to Shareholders approving the return of capital, the Company will also seek the approval of Shareholders to consolidate the number of Shares on issue in the Company in the ratio of 10 to 1, with such consolidation to take place following the return of capital being made to shareholders. Further details of the share consolidation are set out in the accompanying Notice of Meeting and accompanying Explanatory Statement.

Director's recommendation

The Directors recommend that Shareholders vote in favour of the resolutions proposed in the accompanying Notice of Meeting. The Directors advise that they intend to vote all shares controlled by them as at the date of the meeting in favour of the resolutions.

Before making any decision, the Board strongly encourages you to read the Notice of Meeting and accompanying Explanatory Statement carefully and in full and to seek advice from your financial and taxation adviser as to the impact of the proposed resolutions on your personal circumstances.

Yours faithfully,

A handwritten signature in black ink, appearing to read "G. Martin". The signature is written in a cursive style with a large initial "G" and a long, sweeping tail.

Greg Martin
Chairman
Everest Financial Group Limited

Notice of Meeting

Everest Financial Group Limited (ABN 42 112 480 145) (**Company**) gives notice (**Notice** or **Notice of Meeting**) that a general meeting of members of the Company will be held:

at 10.00 am
on Thursday, 24, February 2011
at Prince Albert Room, Sir Stamford Hotel Circular Quay, 93 Macquarie Street, Sydney, NSW 2000

(the **Meeting**). The Meeting has been convened to enable Shareholders to consider the Resolutions 1 and 2 set out below which, if approved, would allow a return of capital to be made to Shareholders and the Company's Share capital to be consolidated in the manner set out in the explanatory statement accompanying and forming part of this Notice of Meeting (**Explanatory Statement**).

The information contained in the Explanatory Statement is intended to assist Shareholders with how they vote on the Resolutions.

RESOLUTION 1: To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That approval is given for the Company to undertake an equal reduction of capital by means of a distribution to holders of fully paid ordinary shares in the Company of an aggregate amount of \$10,057,693 (equal to \$0.04 per share), such equal capital reduction to be made to persons who are registered as holders of fully paid ordinary shares in the Company at 7.00 pm on 4 March 2011 or such other record date announced to the market for the distribution in the manner described in the explanatory statement accompanying this notice of meeting."

Majority required: Section 256C(1) of the Corporations Act requires that an equal reduction of capital be approved by an ordinary resolution of shareholders passed at a general meeting. As an ordinary resolution, Resolution 1 will be passed if at least 50% of the votes cast in person or by proxy by Shareholders at the meeting who are entitled to vote on Resolution 1 are cast in favour of Resolution 1.

Voting exclusions: No voting exclusions apply to Resolution 1.

RESOLUTION 2: To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That, subject to Resolution 1 being passed, in accordance with and pursuant to section 254H(1) of the Corporations Act 2001 (Cth), the issued share capital of the Company be consolidated on the basis that every 10 existing fully paid ordinary shares in the Company be consolidated into 1 fully paid ordinary share in the Company with fractions of a share being rounded down to the nearest whole number, such consolidation to take effect in the manner and on the date described in the explanatory statement accompanying this notice of meeting.”

Majority required: Section 254H(1) of the Corporations Act requires that a conversion of a company’s shares into a larger or smaller number of shares may be approved by an ordinary resolution of shareholders passed at a general meeting. As an ordinary resolution, Resolution 2 will be passed if at least 50% of the votes cast in person or by proxy by Shareholders at the meeting who are entitled to vote on Resolution 2 are cast in favour of Resolution 2.

Voting exclusions: No voting exclusions apply to Resolution 2.

Resolution 2 is conditional: Resolution 2 is conditional on the approval of Resolution 1. In the event that Resolution 1 is not approved, Resolution 2 will not be put to Shareholder vote.

**By order of the board of
EVEREST FINANCIAL GROUP LIMITED**

Date 18 January 2011

Signed 

Michael Sutherland, director and company secretary of Everest Financial Group Limited

How to vote

Eligibility to vote

For the purposes of the Meeting, a Shareholder will be entitled to vote at the Meeting if they are recorded on the Company's register of Shareholders at 7.00 pm on Tuesday, 22 February 2011 (the **Voting Entitlement Date**). Accordingly, Share transfers registered after the Voting Entitlement Date will be disregarded in determining entitlements to attend and vote at the meeting.

Voting in person

If you are proposing to attend the Meeting and vote, there is no need for you to take any further action at this time.

Voting by corporate representative

Body corporate Shareholders should complete a "*Corporate Letter of Representation*" to enable a person to attend the Meeting on their behalf. A form of this certificate may be obtained from the Registrar by calling **1800 336 109** (in Australia) or **+61 2 8280 7691** (from overseas).

Voting by proxy

If you are not attending the Meeting and you wish to vote you must complete and lodge the enclosed Proxy Form. Any Shareholder entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote on their behalf. If two proxies are appointed, the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If two proxies are appointed and no proportion or number is specified, each proxy may exercise half of the votes. A proxy need not be a Shareholder. The Proxy Form contains voting instructions and other important information which you should read carefully.

To be effective, the Company must receive Proxy Forms (duly completed and with any necessary documentation) at least 48 hours prior to the Meeting, that is, by 10.00 am on Tuesday, 22 February 2011. Proxy Forms may be returned by any of the following means:

- **On line** in the manner set out in the Proxy Form OR
- **By mailing** it to Link Market Services Limited using the reply paid envelope enclosed with this Booklet OR

Locked Bag A14
Sydney South
Sydney NSW 1235
AUSTRALIA

- **By faxing** it to:
02 9287 0309 (within Australia)
+61 2 9287 0309 (outside Australia) OR
- **By hand delivering** it to:
Level 12
680 George Street
Sydney NSW 2000
AUSTRALIA

Proxy Forms must be signed by a Shareholder or the Shareholder's attorney or, if the Shareholder is a body corporate, by two directors or by a director and secretary, or if the Shareholder is a proprietary company that has a sole director who is also the sole secretary (or has no secretary), by that director, or under hand of its attorney or duly authorised officer. If a proxy is signed by a Shareholder attorney, the power of attorney must have been previously noted by the Registrar or a certified copy thereof must also be received by 10.00 am on Tuesday, 22 February 2011.

Explanatory Statement accompanying the Notice of Meeting

1. GENERAL

This Explanatory Statement and all attachments are important documents. They should be read carefully and in their entirety. If you have any questions regarding the matters set out in this Explanatory Statement or the Notice of Meeting, please contact your financial adviser or other professional adviser.

2. DEFINITIONS & INTERPRETATION

Capitalised words and expressions used in the Notice of Meeting and Explanatory Statement are defined throughout the Notice of Meeting and Explanatory Statement and/or in the Glossary in section 11 of the Explanatory Statement.

Unless otherwise stated, all references to sums of money, \$ and **dollars** are to Australian currency and all references to time are to Sydney time.

3. PURPOSE OF THE EXPLANATORY STATEMENT

The purpose of this Explanatory Statement is to:

- (a) explain the effect of:
 - (i) the Resolutions proposed in the Notice of Meeting;
 - (ii) the return of capital which would be made to Shareholders if Resolution 1 is approved (**Return of Capital**); and
 - (iii) the consolidation of the Company's Share capital which would be made if Resolution 1 and Resolution 2 are both approved (**Capital Consolidation**); and
- (b) provide such information as prescribed in:
 - (i) the Corporations Act (including under section 256C of the Corporations Act); and
 - (ii) the Listing Rules (including Listing Rule 7.20 and 7.22),

or as is otherwise, in the opinion of the Directors, material to the decision of Shareholders in deciding whether to approve the Resolutions.

4. INDICATIVE TIMETABLE

In the event the Return of Capital is approved, the Company proposes to make the distribution to Shareholders by no later than 14 March 2011. In the event that the Capital Consolidation is approved, the Company proposes to effect the Capital Consolidation following the Return of Capital having been made.

The indicative timetable for the Return of Capital and Capital Consolidation (if approved) is proposed to be as set out below. The indicative timetable for the Capital Consolidation assumes that payment to Shareholders under the Return of Capital is made on 14 March 2011. If payment to Shareholders under the Return of Capital is made on a different date, the timetable relating to the Capital Consolidation will require to be adjusted accordingly.

Subject to law, the Company reserves the right to amend this indicative timetable without prior notice to Shareholders.

Event	Date
RETURN OF CAPITAL	
Date of Notice of Meeting	18 January 2010
Date of Meeting	24 February 2011
Company announces to ASX that Shareholders have approved the Return of Capital and Capital Consolidation (as relevant)	24 February 2011
Ex Return of Capital entitlement date (Ex Date).	28 February 2011
Record date to participate in the Return of Capital (Record Date)	4 March 2011
Payment to Shareholders under Return of Capital	No later than 14 March 2011
CAPITAL CONSOLIDATION	
<i>Assumes payment to Shareholders under Return of Capital occurs on 14 March 2011</i>	
Trading in “post-consolidation” Shares on a deferred settlement basis commences	17 March 2011
Last day for Company to register transfers on a “pre-consolidation” basis	23 March 2011
Company despatches new holding statements to Shareholders and trading in “post-consolidation” Shares on a deferred settlement basis commences. Company announces to ASX (by 12.00pm) despatch of holding statements has occurred	30 March 2011
Normal (ie: T+3) trading in “post-consolidation” Shares commences	31 March 2011

Pursuant to Listing Rule 3.20, the Company must give the ASX not less than 7 business days notice of a proposed record date or change to a proposed record date and must inform the ASX immediately once it decides a record date or changes a record date.

The Company must also inform Shareholders of any changes to the indicative timetable referred to above by market announcement made via the ASX’s company announcements platform. Details of any changes to the proposed timetable for the Return of Capital and the Capital Consolidation are also proposed to be posted on the Company’s website at www.everest.com.au.

Treatment of Options is discussed in section 7, below.

5. RESOLUTION 1 - RETURN OF CAPITAL

(a) Background to the Return of Capital

On 28 June 2010, the Company announced it intended to wind down its operations including the activities of its subsidiaries as responsible entity, trustee and manager of its underlying investment funds with a view to returning capital to Shareholders. That decision was made following a strategic review of the Company's business undertaken to consider and assess the multiple alternatives to maximise value for Shareholders.

Following that decision, the Company and its subsidiaries (**Everest Group**) commenced scaling back their operations, including undertaking the following actions:

- (i) Everest Capital Limited (**ECL**), a subsidiary of the Company, entered into binding arrangements to transfer all of its units in the Everest Credit Opportunities Fund (**ECOF**) to various purchasers. The sale of ECL's units in ECOF completed on 12 October 2010 and generated cash proceeds of \$3,260,765.01, which were subsequently distributed by ECL to the Company.
- (ii) On 13 July 2010, ECL entered into arrangements with financial services firm One Investment Group Pty Limited and certain of its subsidiaries (**OIG Group**) to transfer the trustee, responsible entity and management responsibilities in respect of various investment trusts managed by the Everest Group to members of the OIG Group, subject to the satisfaction of certain conditions (including all requisite unitholder approvals and third party consents). As at the date of the Notice of Meeting, the Everest Group had transferred a majority of its functions to OIG Group. ECL and the Everest Group continue to implement the transaction with OIG Group. The Directors anticipate that all trustee, responsible entity and management responsibilities will be transferred to OIG Group by the end of March 2011. However, as the transaction is subject to third party approvals and consents, the exact timing can not be guaranteed.
- (iii) As part of these arrangements, a number of employees of ECL have been transferred to the OIG Group. Some of these employees have been seconded back to ECL so that it can continue to perform and otherwise satisfy its obligations as responsible entity, trustee, manager and/or advisor to various investment funds pending the transfer of all functions to OIG Group.
- (iv) ECL has also entered into a settlement of the Federal Court litigation between ECL, Mr Jeremy Reid, LJK Nominees Pty Ltd, BT Securities Limited and BT (Queensland) Pty Ltd. ECL has paid net \$1 million under the settlement. The settlement is otherwise confidential.

As a result of these and other actions, the Company had cash surplus to its requirements and hence the Board proposed to make an initial return of capital to Shareholders in an amount of between \$0.05 and \$0.0575 per Share. That return of capital was proposed to be approved by Shareholders at a meeting scheduled for 13 December 2010. A notice convening that meeting was issued by the Company and lodged on the ASX company announcements platform on 12 November 2010.

Subsequent to the issue of that notice of meeting (and as previously announced to the market) ECL received a notice from ASIC requiring it to produce documents in connection with investigations being undertaken by ASIC. In addition, ECL was also served with a statement of claim by Bernard and Maurice Stang in relation to certain investments which they made in various funds operated and managed by ECL. In

late December 2010, significant amendments to the Stangs' claim were made. Following a review of the Stangs' claim, ECL has indicated to EFG that it intends to vigorously defend this claim..

In light of these developments, the Board has formed the view that the Company should proceed to return \$10,057,693 (equal to \$0.04 per Share) to Shareholders to ensure ECL has, amongst other things, sufficient readily available funds to vigorously defend the Stangs' claim.

The Board intends to consider further capital returns once the impact of these matters (including any insurance coverage) can be more clearly ascertained.

(b) Cash available for distribution

As at the date of this Notice of Meeting, the Company has approximately \$20.4 million in cash reserves, excluding future liabilities and operating losses.

In light of the above, the Board has decided to put Resolution 1 to Shareholders at the Meeting convened by the accompanying Notice of Meeting which, if passed, would allow:

- (i) \$10,057,693 in aggregate (equal to \$0.04 per Share) to be returned to Shareholders;
- (ii) the distribution to be made by the Company by no later than 14 March 2011; and
- (iii) the distribution to be made to holders of fully paid ordinary shares in the Company at 7.00 pm on the Record Date.

An indicative timetable for the Return of Capital and the Capital Consolidation is set out in section 4, above.

(c) What approvals are required for the Return of Capital?

(i) Corporations Act

Section 256B(1) of the Corporations Act provides that a company may only reduce its share capital if the reduction:

- (A) is fair and reasonable to the company's shareholders as a whole; and
- (B) does not materially prejudice the company's ability to pay its creditors; and
- (C) is approved by shareholders under section 256C of the Corporations Act.

The Directors are of the view that, subject to Shareholders approving Resolution 1, the Return of Capital meets the requirements of section 256B(1) and as such, that the Company is permitted to undertake the Return of Capital for the purposes of that section. The basis on which the Directors have formed this view is discussed as set out below in this Explanatory Statement.

(ii) **Equal reduction**

Section 256B(2) of the Corporations Act provides that a capital reduction is an “equal reduction” under the Corporations Act if:

- (A) it relates only to ordinary shares; and
- (B) applies to each holder of ordinary shares in proportion to the number of ordinary shares they hold; and
- (C) the terms of the reduction are the same for each holder of ordinary shares.

The Return of Capital satisfies the criteria in section 256B(2) of the Corporations Act and, as such, is treated as an equal reduction of capital for the purposes of the Corporations Act.

(iii) **Shareholder approval requirement**

Section 256C(1) of the Corporations Act provides that an equal reduction of capital requires approval by an ordinary resolution passed at a general meeting of the company.

As such, Resolution 1 has been proposed as an ordinary resolution.

As an ordinary resolution, Resolution 1 will be passed if at least 50% of the votes cast in person or by proxy by Shareholders at the Meeting who are entitled to vote on Resolution 1 are cast in favour of Resolution 1.

(iv) **Listing Rules**

The Return of Capital does not require approval of Shareholders under the Listing Rules. The Company has consulted with the ASX in relation to the reorganisation of its capital represented by the Return of Capital as required by the Listing Rules.

(d) **Effect of the Return of Capital on the Company**

(i) **Effect on Share numbers and Share capital**

The Company has 251,442,316 Shares on issue as at the date of the accompanying Notice of Meeting.

There are no other classes of shares on issue in the Company other than the Shares and all Shares are fully paid.

The effect of the Return of Capital is that the Company's issued Share capital will be reduced by \$10,057,693 (equal to \$0.04 per Share). The Company will, however, continue to have 251,442,316 Shares on issue.

Notwithstanding the above, in the event that Resolution 2 is passed, the number of Shares on issue in the Company will be reduced in the manner set out in section 6 of this Explanatory Statement. The effect of the Capital Consolidation is discussed further in section 6, below.

(ii) **Effect on the assets and liabilities of the Company**

If Resolution 1 is approved, following the Return of Capital the Company's cash assets would be reduced by \$10,057,693.

The Directors consider that the Capital Reduction will not adversely affect the Company's capacity to meet its existing and anticipated obligations and pay its debts as and when due.

(iii) **Effect on control of the Company**

In view that the Capital Reduction is an equal reduction and does not result in the cancellation of any Shares, it would (all other matters being equal) not impact the control of the Company.

(e) **Effect of the Return of Capital on creditors**

Having regard to the Company's current, anticipated and contingent financial requirements, the Directors have assessed that the Return of Capital will not adversely impact the rights of the Company's creditors or the ability of the Company to pay its debts as and when they fall due.

(f) **Effect of the Return of Capital on Shareholders**

If Resolution 1 is approved, the Return of Capital will:

- (i) result in an equal return of capital being made on a pro rata basis to all Shareholders;
- (ii) enable \$0.04 per Share (\$10,057,693 in aggregate) to be paid to Shareholders holding Shares on the Record Date, with payment expected to be made in accordance with the indicative timetable set out in section 4; and
- (iii) not affect the number of Shares held by each Shareholder (however, if Resolution 2 is passed, the Capital Consolidation will affect the number of Shares held by each Shareholder – in this regard please refer to section 6 of this Explanatory Statement).

Shareholders should consult their own tax advisor for specific taxation advice in connection with the Return of Capital in order to assess the impact on their own particular circumstances.

Shareholders who dispose of Shares and have ceased to be the registered holder of those Shares prior to the Record Date will not be eligible to participate in the Return of Capital in respect of those Shares. Persons who acquire Shares will be entitled to participate in the Capital Return in respect of those Shares only if they are the registered holder of those Shares on the Record Date.

(g) **Advantages of the Return of Capital**

The Return of Capital has the following potential benefits for Shareholders:

- (i) it will deliver a return of \$0.04 per Share to Shareholders;
- (ii) it would apply equally and on a pro rata basis to all Shareholders;
- (iii) as the Shares are not cancelled, Shareholders retain their interests in the Company and would be able to evaluate and vote on any future proposals (for further Return of Capitals, the winding up of the Company or any other matter) to be presented by the Directors.

(h) **Disadvantages of the Return of Capital**

Following strategic review of the Company's business and the decision having been made to wind down the Everest Group's operations, the Directors believe that the Return of Capital is in the best interests of the Company and its Shareholders and

represents the most beneficial use of the Company's surplus capital and is the best method to maximise Shareholder returns.

Shareholders may wish to vote against Resolution 1 for the Return of Capital if they believe that the Company's surplus funds should be used in a manner other than returning them to Shareholders.

(i) **What if Resolution 1 is not passed?**

If Resolution 1 is not passed, no capital will be returned to Shareholders in the short term. Unless a subsequent proposed return of capital is approved by Shareholders, Shareholders would not receive any return until a final distribution (if any) is made following a winding up of the Company.

6. RESOLUTION 2 - CAPITAL CONSOLIDATION

(a) **Background to the Capital Consolidation**

The Company has 251,442,316 Shares on issue as at the date of the accompanying Notice of Meeting. There are no other classes of shares on issue in the Company other than the Shares and all Shares are fully paid.

As discussed above, the Return of Capital would reduce the Company's net assets by \$10,057,693 and hence its market capitalisation. This is anticipated to result in an even lower market price per Share on the ASX. Following the Return of Capital, the Board anticipates that the Company's Shares are likely to trade at less than \$0.01 per Share.

In light of these matters and subject to the approval of Resolution 1, the Company seeks the approval of Shareholders to consolidate the number of Shares on issue in the Company in the ratio of 1 Share for every 10 Shares held, with fractions of a Share being rounded down to the nearest whole number (subject to the below). Theoretically, the share market price of each Share following the Capital Consolidation should increase proportionately to the conversion ratio. In practice, however, as the market price of Shares depends on a number of factors (including many outside the control of the Company), the trading price of the Company's Shares following the Capital Consolidation may be higher or lower than the theoretical post-Capital Consolidation trading price.

Further details on the timing and implications of the Capital Consolidation are set out below.

(b) **Timetable for the Capital Consolidation**

The Capital Consolidation, if approved, is proposed to take place following the Return of Capital having been made to Shareholders. The Return of Capital is proposed to be made by no later than 14 March 2011.

As such, the Capital Consolidation does not effect your proceeds under the Return of Capital.

If the Return of Capital takes place on 14 March 2011, trading in "post-consolidation" Shares on a deferred settlement basis is expected to take place from 17 March 2011 and normal trading in "post-consolidation" Shares is expected to commence on 31 March 2011.

An indicative timetable for the Return of Capital and the Capital Consolidation is set out in section 4, above.

(c) **Resolution 2 conditional**

Resolution 2 is conditional on the approval of Resolution 1. In the event that Resolution 1 is not approved, Resolution 2 will not be put to Shareholder vote.

(d) **What approvals are required for the Capital Consolidation?**

(i) **Corporations Act**

Section 254H(1) of the Corporations Act requires that a conversion of a company's shares into a larger or smaller number of shares may be approved by an ordinary resolution of shareholders passed at a general meeting. As an ordinary resolution, Resolution 2 will be passed if at least 50% of the votes cast in person or by proxy by Shareholders at the meeting who are entitled to vote on Resolution 2 are cast in favour of Resolution 2.

(ii) **Listing Rules**

The Capital Consolidation does not require approval of Shareholders under the Listing Rules. The Company has consulted with the ASX in relation to the reorganisation of its capital represented by the Capital Consolidation as required by the Listing Rules.

(e) **Effect of the Capital Consolidation**

(i) **Effect on Share numbers and Share capital**

The Company has 251,442,316 Shares on issue as at the date of the accompanying Notice of Meeting. There are no other classes of shares on issue in the Company other than the Shares and all Shares are fully paid.

If Resolution 2 is passed, the number of Shares on issue in the Company would be reduced from 251,442,316 Shares to 25,144,231 Shares, with such consolidation to take place following payment under the Return of Capital.

Accordingly, the holding of Shares of each Shareholder would be reduced in accordance with the conversion ratio, with fractions of a share being rounded down to the nearest whole number.

For example, a Shareholder who holds 100,009 shares before the Capital Consolidation would hold 10,000 shares (after rounding down of fractional entitlements) following the Capital Consolidation.

Notwithstanding the foregoing, any Shareholder who holds less than 10 Shares will receive 1 Share under the Capital Consolidation.

(ii) **Effect on the assets, liabilities and creditors of the Company**

The Capital Consolidation will have no effect on the Company's overall Share capital, assets or liabilities and will not adversely affect the Company's capacity to meet its existing and anticipated obligations and pay its debts as and when due.

(iii) **Effect on Shareholders and the control of the Company**

The Capital Consolidation applies equally to all Shareholders and so if Resolution 2 is approved, all Shareholders would (subject to the below) have the number of Shares held by them reduced by the same conversion multiple (that is, each 10 Shares held by a Shareholder would be consolidated into 1 Share).

Not all Shareholders hold a parcel of Shares divisible by 10. As a result, where a fractional entitlement occurs, the Board has proposed rounding down those fractional entitlements to the nearest whole Share. As such the precise percentage shareholdings of some Shareholders will change slightly as a result of the Capital Consolidation.

Additionally, Shareholders who hold less than 10 Shares will receive 1 Share under the Capital Consolidation.

Given the very minor variation in shareholdings which these proposals would entail and the benefits afforded to the Company by the Capital Consolidation, the Board considers the proposed treatment of fractional entitlements and share parcels of less than 10 Shares fair and reasonable in all the circumstances.

(iv) **Tax implications**

Shareholders should consult their own tax advisor for specific taxation advice in connection with the Capital Consolidation in order to assess the impact on their own particular circumstances.

(f) **Advantages of the Capital Consolidation**

The Capital Consolidation has the following potential benefits for Shareholders:

- (i) It would result in a more appropriate number of Shares on issue in comparison to the Company's market capitalisation and as such should theoretically increase the trading price per Share;
- (ii) it applies equally and on a pro rata basis to all Shareholders; and
- (iii) Shareholders retain their interests in the Company (subject to minor changes to shareholdings arising from treatment of fractional entitlements, discussed above) and would be able to evaluate and vote on any future proposals (for further returns of capital, the winding up of the Company or any other matter) to be presented by the Directors.

(g) **Disadvantages of the Capital Consolidation**

The Directors believe that the Capital Consolidation is in the best interests of the Company and will assist in the ongoing administration of the Company's affairs.

(h) **What if Resolution 2 is not passed?**

If Resolution 1 is approved but Resolution 2 is not approved, the Capital Consolidation will not take place. Unless a subsequent consolidation of Shares is approved by Shareholders, the Board expects that the Company's Share's may trade at less than \$0.01 per Share following the Capital Return.

7. EFFECT OF THE RESOLUTIONS ON HOLDERS OF OPTIONS

(a) Options on issue

The Company has 1,100,000 unquoted options on issue (**Options**). The Options have been issued at various exercise prices and on various terms to participants in the Company's employee option plan. Other than the Options, there are no options, other convertible instruments or incentive plans which have been issued by the Company.

(b) Effect of the Resolutions on holders of Options

The effect of the Resolutions on holders of Options is as follows:

(i) **If Resolution 1 for the Return of Capital is passed but Resolution 2 for the Capital Consolidation is not passed:**

- (A) The Company will continue to have 1,100,000 Options on issue (assuming none of the Options are exercised, which can not be guaranteed) following the Return of Capital.
- (B) In accordance with Listing Rule 7.22.3, the exercise price of each Option would be reduced by an amount equal to the amount per Share returned to Shareholders, being \$0.04 per Option.

(ii) **If both Resolutions 1 and 2 are passed:**

- (A) In accordance with Listing Rule 7.22.1, the exercise price of each Option would be reduced by an amount equal to the amount per Share returned to Shareholders, being \$0.04 per Option.
- (B) In accordance with Listing Rule 7.22.3:
 - The number of Options held by each Option holder would be consolidated in accordance with the ratio applied to the Capital Consolidation (namely on a 10 for 1 basis), with fractions of an Option being rounded down to the nearest whole Option. Assuming that none of the Options are exercised (which can not be guaranteed) the Company would have 110,000 Options in aggregate on issue following the Capital Consolidation.
 - The exercise price of each post-consolidation Option will be increased in inverse proportion to the conversion ratio, namely the exercise price of each Option will be multiplied by 10.

- (C) The effect of both (A) and (B) above can be explained by way of an illustrative example:

Example: A holder of Options who holds 1009 Options exercisable at \$0.05 per Option prior to the Return of Capital and the Capital Consolidation would hold 100 Options (after rounding down of fractional entitlements) after the Return of Capital and the Capital Consolidation and each of those Options would be exercisable at \$0.10 per Option in accordance with the following calculations:

Consolidation calculation

1009 Options ÷ 10 100.9

Post consolidation number of Options (rounded down to nearest whole number of Options) **100**

Exercise Price Calculation

Original exercise price:	\$0.05
Less reduction in exercise price upon Return of Capital:	-
	\$0.04
	<u>\$0.01</u>
Multiplied upon the Capital Consolidation	x 10
Resulting exercise price	<u>\$0.10</u>

(ii) **If neither Resolution is passed**, the terms of Options on issue will remain unchanged.

(iii) **Actions available to Option holders**

The following actions are available to holders of Options:

(A) **In the event that Resolution 1 is passed and irrespective of whether Resolution 2 is passed**, holders of Options may elect to exercise the whole or a portion of their Options prior to the Ex Date, in which case:

- the exercise price in respect of the Options so exercised would remain unchanged; and
- an option holder who elects to convert some or all of their Options into Shares on or before the Ex Date would be expected to be entered into the Company's Share register by the Record Date and therefore be entitled to participate in the Return of Capital in respect of those Shares into which their Options have been converted and which are held by them as at the Record Date;

(B) **In the event that Resolution 1 is passed and Resolution 2 is not passed**, holders of Options who do nothing and do not exercise their Options prior to the Ex Date:

- will have the exercise price in respect of their Options reduced by an amount equal to the amount per Share returned to Shareholders, being \$0.04 per Option in the manner described in section 7(b)(i);
- may, following the Return of Capital being made, exercise those Options at the exercise price amended in accordance with section 7(b)(i) (subject to the terms of issue of those Options); and
- will not be eligible to participate in the Return of Capital in respect of any Options held by them.

(C) **In the event that both Resolutions are passed**, holders of Options who do nothing and do not exercise their Options prior to the Ex Date:

- will have the exercise price in respect of their Options and their number of Options adjusted in the matter set out in section 7(b)(ii);

- may, following the Return of Capital being made, exercise their Options (subject to the terms of issue of those Options) on their amended terms as described in section 7(b)(ii); and
 - will not be eligible to participate in the Return of Capital in respect of any Options held by them.
- (D) **In the event that neither Resolution is passed**, there would (all other things being equal) be no change to the terms, exercise price or number of Options on issue and holders of Options would be entitled to exercise their Options (subject to the terms of issue of those Options) on their current terms.

8. DIRECTOR'S INTERESTS

As at the date of the accompanying Notice of Meeting, the following Directors of the Company have an interest in the proposed Return of Capital as they or their associates are Shareholders:

Director	Number of shares in the Company
Mr Greg Martin	3,002,778 ¹
Mr Michael Sutherland	Nil.
Ms Marea Laszok	2,223 ²

During December 2010 the Company and Michael Sutherland agreed that the Company would procure the transfer of 1,381,128 Shares from the Company's employee trust to Mr Sutherland (or an entity owned or controlled by him) in lieu of guaranteed bonuses accrued during 2010 and currently due and payable to Mr Sutherland by the Company's subsidiary, ECL (of which Mr Sutherland is a director, company secretary and an employee). It is expected that those Shares will be transferred to and registered in the name of Mr Sutherland (or an entity owned or controlled by him) prior to the date of the meeting convened by the accompanying Notice of Meeting. Mr Sutherland intends to vote all Shares controlled by him as at the date of the meeting in favour of the Resolutions to approve the Return of Capital and Capital Consolidation.

9. DIRECTORS' RECOMMENDATIONS

The Directors consider that the Return of Capital and the Capital Consolidation are:

- (a) fair and reasonable to all Shareholders, as they apply to all Shareholders equally having regard to the number of shares which they hold; and
- (b) in the best interests of the Company.

The Directors recommend that Shareholders **vote in favour** of the Resolutions. The Directors intend to vote all Shares controlled by them as at the date of the Meeting in favour of both Resolutions.

Before making any decision, the Board strongly encourages you to read the Notice of Meeting and Explanatory Statement accompanying carefully and in full.

¹ The Shares are held by Jamoca Pty Limited as trustee for the Martin Family Trust. Mr Martin has the power to control the voting rights and disposal of the equity holding of Jamoca Pty Limited.

² The Shares are held by Laszok Nominees Pty Limited. Ms Laszok has the power to control the voting rights and disposal of the equity holding of Laszok Nominees Pty Limited.

10. LODGEMENT

In accordance with section 256C(5) of the Corporations Act, copies of the accompanying Notice of Meeting, Explanatory Statement and Proxy Form have been lodged with ASIC.

As required by the Listing Rules, the Company has consulted with the ASX in connection with the reorganisation of its capital described in the Notice of Meeting and Explanatory Statement. A copy of this Notice of Meeting and this Explanatory Statement has also been provided to the ASX in accordance with Listing Rules 3.17 and 15.1.

Neither ASIC nor the ASX nor any of their respective officers takes any responsibility for the contents of this Notice of Meeting and Explanatory Statement.

11. GLOSSARY

Unless the context otherwise requires, capitalised words and expressions used in the Notice of Meeting and Explanatory Statement have the following meanings:

ASIC	the Australian Securities and Investments Commission;
ASX	ASX Limited ABN 98 008 624 691;
Board	the board of Directors of the Company;
Capital Consolidation	the consolidation of the Company's Share capital to be made pursuant to Resolution 2, as defined in section 3 and further described in the Explanatory Statement;
Company	Everest Financial Group Limited ABN 42 112 480 145;
Corporations Act	Corporations Act 2001 (Cth);
Director	a director of the Company;
Everest Group	has the meaning given in section 5 of the Explanatory Statement;
Ex Date	has the meaning given in section 4 of the Explanatory Statement;
Explanatory Statement	the explanatory statement comprising part of this document, as defined in the Notice of Meeting;
Meeting	has the meaning given in the Notice of Meeting;
Notice of Meeting	the notice of meeting attached to and forming part of this document;
Listing Rules	the listing rules of ASX;
OIG Group	has the meaning given in section 5 of the Explanatory Statement;
Option	has the meaning given in section 7 of the Explanatory Statement;
Record Date	has the meaning given in section 4 of the Explanatory Statement;
Resolution 1	the resolution proposed to approve the Return of Capital, as set out in the Notice of Meeting;

Resolution 2	the resolution proposed to approve the Capital Consolidation, as set out in the Notice of Meeting;
Resolutions	Resolution 1 and Resolution 2 and Resolution is a reference to either of them as the context requires;
Return of Capital	the return of capital to be made pursuant to Resolution 1, as defined in section 3 and further described in the Explanatory Statement;
Share	a fully paid ordinary share in the capital of the Company;
Shareholder	a holder of a Share; and
Voting Entitlement Date	the meaning given in the section headed “How to Vote” forming part of the Notice of Meeting.

Further Information

If you have any queries in relation to the proposed meeting or the matters set out in this Notice of Meeting, please call director and company secretary of the Company, Michael Sutherland, on 02 8001 9100.



By mail:
Everest Financial Group Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309



All enquiries to: Telephone: 1800 336 109 Overseas: +61 2 8280 7691



X99999999999

SHAREHOLDER VOTING FORM

I/We being a member(s) of Everest Financial Group Limited and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy and to vote for me/us on my/our behalf on the Resolutions and any other motion or resolution in accordance with the following instructions (or if no instructions are nominated in such manner as my/our proxy thinks fit) at the General Meeting of the Company to be held at 10:00am on Thursday, 24 February 2011, at The Sir Stamford at Circular Quay in the Prince Albert Room, 93 Macquarie Street, Sydney and at any adjournment or postponement of the meeting. If no preference is specified in this proxy form, the Chairman intends to vote **IN FAVOUR** of both Resolutions.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting, namely by 10:00am on Tuesday, 22 February 2011.

Please read the voting instructions overleaf before marking any boxes with an

STEP 2

VOTING DIRECTIONS

	For	Against	Abstain*
Resolution 1 To approve the return of capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 To approve the consolidation of shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

STEP 3

SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole director and sole company secretary

Joint Shareholder 2 (Individual)

Director/company secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).



HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. 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 shareholder of the company. A proxy may be an individual or a body corporate.

Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares 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 shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. Please note that the Chairman intends to vote all undirected proxies IN FAVOUR of both Resolutions. If you mark more than one box on a Resolution your vote on that item will be invalid.

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 and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares 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.
- return both forms together.

Signing Instructions

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

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under power of attorney, you must lodge the power of attorney 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. The power of attorney must have been previously lodged with the registry or a certified copy thereof received by the registry before 10:00am on Tuesday, 22 February 2011.

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 indicate the office held by signing in the appropriate place.

Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Corporate Letter of Representation" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the company's share registry.

Lodgement of a Proxy Form

This Proxy Form (and any power of attorney under which it is signed) must be received at an address given below by 10:00am on Tuesday, 22 February 2011, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the enclosed reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Select the 'Proxy Voting' option on the top right of the home page. Choose the company you wish to lodge your vote for from the drop down menu, enter your holding details as shown on this form, and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).



by mail:

Everest Financial Group
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



by fax:

+61 2 9287 0309



by hand:

delivering it to Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000.

If you would like to attend and vote at the General Meeting, please bring this form with you.
This will assist in registering your attendance.