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**ANAECO LIMITED**

**ACN 087 244 228**

**NOTICE OF GENERAL MEETING**

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**TIME:** 1.00pm (WST)  
**DATE:** 6 October 2011  
**PLACE:** 3 Turner Avenue  
Bentley WA 6102

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

*Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9361 4777.*

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**TIME AND PLACE OF MEETING AND HOW TO VOTE**

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**VENUE**

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The general meeting of the Shareholders to which this Notice of Meeting relates will be held at 1.00pm (WST) on 6 October 2011 at:

3 Turner Avenue  
Bentley WA 6102

**YOUR VOTE IS IMPORTANT**

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

**VOTING IN PERSON**

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To vote in person, attend the General Meeting on the date and at the place set out above.

**VOTING BY PROXY**

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

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## NOTICE OF GENERAL MEETING

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Notice is given that the general meeting of Shareholders will be held at 1.00pm (WST) on 6 October 2011 at 3 Turner Avenue, Bentley, Western Australia.

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

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at 5.00pm (WST) (7.00pm Sydney time) on 4 October 2011.

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

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## AGENDA

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### 1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SECURITIES – CAPITAL RAISING

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

*“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 25,000,000 Shares on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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### 2. RESOLUTION 2 – PARTICIPATION OF DIRECTOR IN CAPITAL RAISING – SHAUN SCOTT

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

*“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue 4,166,667 Shares to Shaun Scott (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Shaun Scott (or his nominee) and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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### 3. RESOLUTION 3 – ISSUE OF SHARES TO RELATED PARTY - NICHOL BAY HOLDINGS PTY LTD

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, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and*

*issue up to 13,717,685 Shares to Nichol Bay Holdings Pty Ltd (ACN 009 381 140) (or its nominee) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Nichol Bay Holdings Pty Ltd (or its nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**4. RESOLUTION 4 – ISSUE OF SHARES TO RELATED PARTY – CF2 PTY LTD ATF THE CF TRUST**

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, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue up to 33,666,667 Shares to CF2 Pty Ltd (ACN 137 171 021) ATF The CF2 Trust (or its nominee) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by CF2 Pty Ltd ATF The CF2 Trust (or its nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**5. RESOLUTION 5 – ADOPTION OF EMPLOYEE INCENTIVE SCHEME**

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

*"That, for the purpose of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled Employee Share Plan on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**6. RESOLUTION 6 – ISSUE OF DIRECTOR INCENTIVE SHARES TO RELATED PARTY – IAN CAMPBELL**

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

*"That, subject to the passing of Resolution 5, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Directors to allot and issue up to 750,000 Shares as Director incentive remuneration to Ian Campbell (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**7. RESOLUTION 7 – ISSUE OF DIRECTOR INCENTIVE SHARES TO RELATED PARTY – LES CAPELLI**

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

*“That, subject to the passing of Resolution 5, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Directors to allot and issue up to 750,000 Shares as Director incentive remuneration to Les Capelli (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**8. RESOLUTION 8 – ISSUE OF DIRECTOR INCENTIVE SHARES TO RELATED PARTY – SHAUN SCOTT**

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

*“That, subject to the passing of Resolution 5, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Directors to allot and issue up to 750,000 Shares as Director incentive remuneration to Shaun Scott (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**9. RESOLUTION 9 – RATIFICATION OF PRIOR ISSUE OF SECURITIES – EMPLOYEE SHARES**

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

*“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 2,129,441 Shares and on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in

accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**10. RESOLUTION 10 – PLACEMENT – SHARES**

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

*“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue up to that number of Shares, when multiplied by the issue price, will raise up to \$5,000,000 on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**DATED: 31 AUGUST 2011**

**BY ORDER OF THE BOARD**

**DAVID LYMBURN  
COMPANY SECRETARY**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting to be held at 1.00pm (WST) on 6 October 2011 at 3 Turner Avenue, Bentley, Western Australia.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

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### 1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SECURITIES

#### 1.1 General

On 30 June 2011 the Company announced it had received firm commitments of \$1,750,000 from various sophisticated and professional investors.

On 5 July 2011 the Company announced it had issued a total of 25,000,000 Shares at \$0.06 per Share to raise \$1,500,000 (**Capital Raising**). The balance of \$250,000.02 (representing 4,166,667 Shares) is the subject of Resolution 2.

Resolution 1 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares the subject of the Capital Raising (**Ratification**).

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

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

#### 1.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 25,000,000 Shares were allotted and issued;
- (b) the issue price was \$0.06 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were allotted and issued to sophisticated and professional investors clients of Bizzell Capital Partners Pty Ltd (an Authorised Representative of AFS Licence No. 240877), none of whom were related parties of the Company; and
- (e) the funds raised from the Capital Raising (after costs) are being used for:

- (i) ongoing working capital requirements during the construction phase of the WMRC DiCOM Expansion Project;
- (ii) industrialisation of the DiCOM technology;
- (iii) business development costs; and
- (iv) repayment of a short-term loan facility.

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## **2. RESOLUTION 2 – PARTICIPATION OF DIRECTOR IN CAPITAL RAISING – SHAUN SCOTT**

### **2.1 General**

Resolution 2 seeks Shareholder approval for the issue of 4,166,667 Shares to Shaun Scott (or his nominee) on the same terms as those Shares issued under the Capital Raising pursuant to Resolution 1 to raise \$250,000.

Chapter 2E of the Corporations Act requires that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

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

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

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

In the absence of an exception, the issue of Shares to Shaun Scott requires the Company to obtain Shareholder approval because the issue of Shares constitutes giving a financial benefit and as a Director, Shaun Scott is a related party of the Company.

It is the view of the Board (other than Shaun Scott who has a material personal interest in this Resolution) that the exception set out in Section 210 of the Corporations Act applies in the current circumstances as the Shares will be issued to Shaun Scott (or his nominee) on the same terms as non-related party participants in the Capital Raising and as such the giving of the financial benefit is on arm's length terms. However, the Board believes that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought pursuant to ASX Listing Rule 10.11 only.

### **2.2 Technical information required by ASX Listing Rule 10.11**

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the proposed participation in the Capital Raising by Shaun Scott:

- (a) the Shares will be issued to Shaun Scott (or his nominee);
- (b) the maximum number of Shares to be issued is 4,166,667 Shares;

- (c) the Shares will be issued to Shaun Scott (or his nominee) no later than one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that the Shares will be issued on one date;
- (d) the issue price will be \$0.06 per Share, being the same issue price as the Capital Raising;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the funds raised from this issue will be used for the same purposes as all other funds raised from the Capital Raising as outlined in Section 1.1 (e).

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

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### 3. RESOLUTIONS 3 AND 4 – ISSUE OF SHARES TO RELATED PARTIES

#### 3.1 Background

On 29 October 2009 the Company entered into a loan agreement with Nichol Bay Holdings Pty Ltd, an entity controlled by Mr Les Capelli, a Director, pursuant to which it borrowed \$500,000. On 26 August 2010 the Company entered into a further agreement with Nichol Bay Holdings Pty Ltd pursuant to which it borrowed a further \$500,000 (together the **Nichol Bay Loan**).

On 24 November 2009 the Company entered into a loan agreement with CF2 Pty Ltd ATF The CF Trust, an entity controlled by Mr Ian Campbell, a Director, pursuant to which it borrowed \$1,500,000. On 26 August 2010 the Company entered into a further agreement with CF2 Pty Ltd ATF The CF Trust pursuant to which it borrowed a further \$1,000,000 (together the **CF2 Loan**).

The material terms of the Nichol Bay Loan and CF2 Loan (together the **Loans**) are as follows:

- (a) **(Maturity Date)**: earlier of 31 December 2011 and the date on which the Company's cash flow position will enable it to safely make the repayment of the loan and continue to meet its other cash commitments as and when they fall due.

If the Company is unable to repay the loan at 31 December 2011, at the lender's election it may call for the loan to be extinguished by the issue of Shares at a price which will be the 5 day volume weighted average for the 5 trading days immediately prior to a Shareholder resolution approving the issue of the Shares.

- (b) **(Interest Rate)**: 12% per annum calculated daily and paid monthly in arrears or capitalised.
- (c) **(Fees)**: The following fees were incurred in relation to the Loans and remain outstanding as at the date of this Notice:

- (i) Establishment fees of 7% of the further loan funds advanced as agreed in August 2010, being a total of \$105,000 (\$35,000 and \$70,000 respectively);
  - (ii) Extension fees of 4% of the principal amounts loaned was payable for the extension of the Loans at 31 August 2010 and 31 December 2010, being a total of \$220,000 (\$60,000 and \$160,000 respectively).
- (d) **(Security):** unsecured.

Based on the current terms of the Loans, as at 30 September 2011, the following amounts will be outstanding on the Loans:

- (a) \$1,234,591.62 on the Nichol Bay Loan (\$1,000,000 principal, \$139,591.62 accrued interest and \$95,000 accrued fees); and
- (b) \$3,105,187.16 on the CF2 Loan (\$2,500,000 principal, \$375,187.16 accrued interest and \$230,000 accrued fees).

Nichol Bay Holdings Pty Ltd has agreed to the satisfaction of up to \$1,234,591.65 of the Nichol Bay Loan through the issue of 13,717,685 Shares at a deemed issue price of 9 cents per Share subject to Shareholder approval being obtained. Any additional balance of the Nichol Bay Loan (i.e. any interest accrued after 30 September 2011 up to the date of issue of the Shares) will be repaid from the Company's existing cash reserves on the same day as the issue of the Shares.

CF2 Pty Ltd ATF The CF Trust has agreed to the satisfaction of up to \$3,030,000 of the CF2 Loan through the issue of up to 33,666,667 Shares at a deemed issue price of 9 cents per Share subject to Shareholder approval being obtained. The remaining balance of the CF2 Loan, being \$75,187.16 (assuming the amount of \$3,030,000 is satisfied through the issue of Shares and not including any interest accrued after 30 September 2011 up to the date of issue of the Shares), will be repaid from the Company's existing cash reserves on the same day as the issue of the Shares .

Shareholder approval for the satisfaction of the Loans through the issue of Shares was previously obtained at the meeting of Shareholders held on 12 April 2011, however, those Shares were unable to be issued within the one month time limit imposed by the ASX Listing Rules because the condition relating to approval of a business plan for the Company which was acceptable to the lending parties was not satisfied. This additional condition is not applicable on this occasion and Resolutions 3 and 4 are conditional on Shareholder approval only.

In the event Shareholder approval is not obtained at this Meeting the Loans will continue on their current terms.

### **3.2 General**

The Company has agreed, subject to obtaining Shareholder approval, to allot and issue a total of up to 47,384,352 Shares to Nichol Bay Holdings Pty Ltd and CF2 Pty Ltd ATF The CF2 Trust (or their nominees) (**Related Parties**) on the terms and conditions set out below.

A summary of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 is set out at Section 2.1 above.

The issue of Shares to the Related Parties requires the Company to obtain Shareholder approval because:

- (a) the issue of Shares constitutes giving a financial benefit; and
- (b) as entities controlled by Directors, Nichol Bay Holdings Pty Ltd and CF2 Pty Ltd ATF The CF Trust are each a related party of the Company.

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

Shareholder approval was not sought to enter into the Loans as the Board (other than Les Capelli and Ian Campbell) considered the terms to be reasonable in the circumstances where the Company and Nichol Bay Holdings Pty Ltd and CF2 Pty Ltd ATF The CF Trust were dealing at arm's length.

### **3.3 Technical information required by Chapter 2E of the Corporations Act and ASX Listing Rule 10.11**

Pursuant to and in accordance with the requirements of Sections 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to Resolutions 3 and 4:

- (a) the related parties are:
  - (i) Nichol Bay Holdings Pty Ltd by virtue of being an entity controlled by Mr Les Capelli, a Director; and
  - (ii) CF2 Pty Ltd ATF The CF Trust by virtue of being an entity controlled by Mr Ian Campbell, a Director;
- (b) the maximum number of Shares (being the nature of the financial benefit being provided) to be issued to the Related Parties is:
  - (i) 13,717,685 Shares to Nichol Bay Holdings Pty Ltd; and
  - (ii) 33,666,667 Shares to CF2 Pty Ltd ATF The CF Trust, or, in the event any of Resolutions 2, 3, 6, 7 or 8 are not passed, such lesser number of Shares so that the relevant interest of Mr Ian Campbell does not exceed 19.9% of the voting rights in the Company (i.e. 28,400,000 Shares based on the number of Shares on issue as at the date of this Notice and assuming that no Options are exercised and no other Shares are issued other than 2,250,000 Shares to be issued to the Company's CEO following adoption of the Employee Share Plan the subject of Resolution 5 and as previously announced on 22 July 2011 (i.e. none of Resolutions 2, 3, 6, 7 or 8 are passed));
- (c) the Shares will be issued to the Related Parties no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Shares will be issued on one date;
- (d) the Shares will be issued at a deemed issue price of 9 cents each in satisfaction of the Nichol Bay Loan and CF2 Loan (up to an aggregate of \$4,264,591.25 worth) and therefore for nil cash consideration, accordingly no funds will be raised;

- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the value of the maximum number of Shares to be issued to the Related Parties, based on the last trading price of Shares before the date of this Notice (i.e. \$0.069), is:
- (i) \$946,520.26 – Nichol Bay Holdings Pty Ltd; and
- (ii) \$2,323,000.02 – CF2 Pty Ltd ATF The CF2 Trust;
- (g) the relevant interests of the Related Parties in securities of the Company as at the date of this Notice are set out below:

<b>Related Party</b>	<b>Shares</b>	<b>Options (Listed – \$1.00 – 31 May 2012)</b>	<b>Options (Unlisted – \$0.25 – 31 Dec 2011)</b>
Nichol Bay Holdings Pty Ltd (Les Capelli)	10,624,152	955,396	750,000
CF2 Pty Ltd ATF The CF Trust (Ian Campbell)	22,582,809	Nil	750,000

- (h) the amounts paid from the Company to the Related Parties and their associates for the previous two financial years are set out below:

<b>Related Party</b>	<b>30 June 2011</b>	<b>30 June 2010</b>
Nichol Bay Holdings Pty Ltd (Les Capelli)	\$270,806 <sup>1</sup>	\$146,265 <sup>2</sup>
CF2 Pty Ltd ATF The CF Trust (Ian Campbell)	\$589,947 <sup>3</sup>	\$360,775 <sup>4</sup>

<sup>1</sup> Comprised of costs associated with the Nichol Bay Loan of \$200,806 (\$105,806 in interest, \$35,000 in establishment fees and \$60,000 in extension fees) as well as \$70,000 in Directors fees paid to Mr Les Capelli.

<sup>2</sup> Comprised of costs associated with the Nichol Bay Loan of \$76,265 (\$41,265 in interest, and \$35,000 in establishment fees) as well as \$70,000 in Directors fees paid to Mr Les Capelli.

<sup>3</sup> Comprised of costs associated with the CF2 Loan of \$519,947 (\$289,947 in interest, \$70,000 in establishment fees and \$160,000 in extension fees) as well as \$70,000 in Directors fees paid to Mr Ian Campbell.

<sup>4</sup> Comprised of costs associated with the CF2 Loan of \$200,775 (\$95,775 in interest, and \$105,000 in establishment fees) as well as an underwriting fee of \$90,000 in respect of the Company's share purchase plan undertaken in March 2010 and \$70,000 in Directors fees paid to Mr Ian Campbell.

- (i) if Resolutions 3 and 4 are passed, a maximum of 47,384,352 Shares would be issued. This will increase the number of Shares on issue from 225,669,689 to 273,054,041 (assuming that no Options are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 17.35%, comprising

5.02% by Nichol Bay Holdings Pty Ltd and 12.33% by CF2 Pty Ltd ATF The CF Trust;

- (j) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	<b>Price</b>	<b>Date</b>
Highest	15.5 cents	19, 21 & 28 October & 16 November 2010
Lowest	5.0 cents	10 August 2011
Last	6.9 cents	23 August 2011

- (k) the primary purpose of the issue of Shares to the Related Parties is to repay near the entire amount outstanding in respect of the Loans.
- (l) each of Michael Dureau, Richard Rudas and Shaun Scott separately recommends that Shareholders vote in favour of Resolutions 3 and 4 for the following reasons:
- (i) the issue of Shares to the Related Parties is a reasonable and appropriate method of satisfying the Loans as it allows the Company to maintain its existing cash reserves and direct future funds raised towards development of the Company's operations rather than the satisfaction of debt; and
  - (ii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Shares upon the terms proposed;
- (m) Les Capelli declines to make a recommendation to Shareholders in relation to Resolution 3 due to his material personal interest in the outcome of the Resolution. However, in respect of Resolution 4, Les Capelli recommends that Shareholders vote in favour of Resolution 4 for the reasons set out in subparagraphs (l)(i) and (l)(ii);
- (n) Ian Campbell declines to make a recommendation to Shareholders in relation to Resolution 4 due to his material personal interest in the outcome of the Resolution. However, in respect of Resolution 3, Ian Campbell recommends that Shareholders vote in favour of Resolution 3 for the reasons set out in subparagraphs (l)(i) and (l)(ii); and
- (o) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution.

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

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#### **4. RESOLUTION 5 – APPROVAL OF EMPLOYEE SHARE PLAN**

Resolution 5 seeks Shareholders approval for the adoption of the employee incentive scheme titled Employee Share Plan (**Plan**) in accordance with ASX Listing Rule 7.2 (Exception 9(b)).

A summary of ASX Listing Rule 7.1 is set out in Section 1.1 above.

ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 5 is passed, the Company will be able to issue Shares under the Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

Shareholders should note that no Shares have previously been issued under the Plan. However, as announced on 22 July 2011, the Company has agreed to issue, subject to adoption of the Plan, 2,250,000 Shares to Patrick Kedemos, the Company's newly appointed CEO as part of his remuneration package.

The objective of the Plan is to attract, motivate and retain key employees and it is considered by the Directors that the adoption of the Plan and the future issue of Shares under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

A material feature of the Plan is the issue of Shares pursuant to the Plan may be undertaken by way of provision of a non-recourse, interest free loan to be used for the purposes of subscribing for the Shares based on a price that will be not less than the volume weighted average price at which Shares were traded on the ASX over the 10 trading days up to and including the date of acceptance of the offer.

Any future issues of Shares under the Plan to a related party or a person whose relation with the company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time. For this reason, the Company is also seeking approval under Resolutions 6 to 8 for the issue of Shares to certain Directors pursuant to the Plan.

A summary of the key terms and conditions of the Plan is set out in Schedule 1. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary ((+61 8) 9361 4777)). Shareholders are invited to contact the Company if they have any queries or concerns.

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## 5. RESOLUTIONS 6 TO 8 – ISSUE OF SHARES TO RELATED PARTIES

### 5.1 General

The Company has agreed, subject to obtaining Shareholder approval and to the adoption of the Plan (refer Resolution 5), to the provision of a non-recourse, interest free loan (**Loan**) to each of Ian Campbell, Les Capelli and Shaun Scott (**Eligible Participants**) pursuant to the Plan for the purpose of each subscribing for 750,000 Shares on the terms and conditions set out below.

A summary of Chapter 2E of the Corporations Act is set out at Section 2.1 above.

In addition, ASX Listing Rule 10.14 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose

relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

The provision of the Loans to each of the Eligible Participants requires the Company to obtain Shareholder approval because:

- (a) the non-recourse, interest free loan to acquire the Shares constitute giving a financial benefit; and
- (b) as Directors, Ian Campbell, Les Capelli and Shaun Scott are related parties of the Company.

It is the view of the Directors that the exceptions set out in Sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of Shares to the Eligible Participants.

## **5.2 Technical information required by Chapter 2E of the Corporations Act and ASX Listing Rule 10.14**

Pursuant to and in accordance with the requirements of Sections 219 of the Corporations Act and ASX Listing Rule 10.15, the following information is provided in relation to the proposed issue of Shares to the Eligible Participants:

- (a) the related parties are Ian Campbell, Les Capelli and Shaun Scott and they are related parties by virtue of being Directors;
- (b) the maximum amount of the Loan (being the nature of the financial benefit) to be provided to the Eligible Participants (or their nominees) can be calculated by multiplying the number of Shares to be issued (determined in accordance with paragraph (c)) by the issue price (determined in accordance with paragraph (d)). Based on the last trading price of Shares before the date of this Notice (i.e. \$0.069), the amount of the Loans would be:
  - (i) \$51,750 to Ian Campbell;
  - (ii) \$51,750 to Les Capelli; and
  - (iii) \$51,750 to Shaun Scott;
- (c) the maximum number of Shares to be issued to the Eligible Participants (or their nominees) is:
  - (i) 750,000 Shares to Ian Campbell;
  - (ii) 750,000 Shares to Les Capelli; and
  - (iii) 750,000 Shares to Shaun Scott;
- (d) the issue price of the Shares will be not less than the volume weighted average price at which Shares were traded on the ASX over the 10 trading days up to and including the actual date of acceptance of the offer by the Eligible Participant;
- (e) no funds will be raised from the issue of the Shares as there will be no change to the Company's cash position (i.e. the Loans made by the Company will be used to subscribe for the Shares to be issued to the Eligible Participants). Amounts repaid to the Company by the Eligible

Participants in the future in satisfaction of the Loan will be used by the Company for general working capital purposes;

- (f) no Shares have previously been issued under the Plan nor has the Plan previously been adopted by Shareholders;
- (g) all Directors are entitled to participate in the Plan, however, at the current time the Company does not intend to make an offer to Michael Dureau or Richard Rudas. Accordingly approval is being sought only for the offers to the remaining Directors, Ian Campbell, Les Capelli and Shaun Scott;
- (h) the Loans will be provided on the following key terms and otherwise subject to the terms and conditions of the Plan, a summary of which is set out in Schedule 1:
  - (i) **(non-recourse)**: the Loan is secured against the Shares but the Eligible Participant is not personally liable for the Loan. In other words, in the event the Shares are sold to repay the Loan but the sale proceeds are insufficient to cover the amount of the Loan which is outstanding the Company cannot recover the remaining amount from the Eligible Participant. Conversely, where the sale proceeds are greater than the amount of the Loan the Company will not receive any additional repayment as the Eligible Participant is entitled to the surplus proceeds;
  - (ii) **(interest free)**: the Loan will be interest free unless otherwise agreed by the Eligible Participant;
  - (iii) **(term)** : 3 years from the date of issue of the Shares subject to earlier repayment in accordance with the terms of the Plan (e.g. ceasing to be an employee of the Company, an event of insolvency);
- (i) the value of each of the Loans is \$20,633.82 using the Black & Scholes valuation methodology and based on the following assumptions:
  - (i) a valuation date of 23 August 2011;
  - (ii) a deemed issue price of \$0.069 per Share and corresponding Loan principal of \$51,750;
  - (iii) a current market price of \$0.069 per Share. Shareholders should also note that the market price of Shares during the term of the Loan will affect the value of the financial benefit provided to the Eligible Participants;
  - (iv) a risk free interest rate of 6.25% per annum;
  - (v) a Loan term of 3 years. Shareholders should note that the actual term of the Loan may be shorter (e.g. where the Eligible Participant ceases to be an employee of the Company, an event of insolvency occurs in respect of the Eligible Participant, or, the Eligible Participant elects to repay the Loan early). The actual term of the Loan will affect the value of the financial benefit provided to the Eligible Participants; and
  - (vi) a Share price volatility of 50%;

- (j) the Shares will be issued to the Eligible Participants no later than 12 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Shares will be issued on one date;
- (k) the Shares issued to the Eligible Participants 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 other than being subject to a holding lock until such time as the respective Loan has been extinguished or repaid under the terms of the Plan or 12 months from the date of issue of the Shares, whichever is the greater;
- (l) the relevant interests of the Eligible Participants in securities of the Company as at the date of this Notice are set out below:

<b>Related Party</b>	<b>Shares</b>	<b>Options (Listed – \$1.00 – 31 May 2012)</b>	<b>Options (Unlisted – \$0.25 – 31 Dec 2011)</b>
Ian Campbell	22,582,809	Nil	750,000
Les Capelli	10,624,152	955,396	750,000
Shaun Scott	600,000	Nil	Nil

- (p) the amounts paid from the Company to the Eligible Participants and their associates for the previous two financial years are set out below:

<b>Related Party</b>	<b>30 June 2011</b>	<b>30 June 2010</b>
Les Capelli	\$270,806 <sup>1</sup>	\$146,265 <sup>2</sup>
Ian Campbell	\$589,947 <sup>3</sup>	\$360,775 <sup>4</sup>
Shaun Scott	\$51,333 <sup>5</sup>	Nil

<sup>1</sup> Comprised of costs associated with the Nichol Bay Loan of \$200,806 (\$105,806 in interest, \$35,000 in establishment fees and \$60,000 in extension fees) as well as \$70,000 in Directors fees paid to Mr Les Capelli.

<sup>2</sup> Comprised of costs associated with the Nichol Bay Loan of \$76,265 (\$41,265 in interest, and \$35,000 in establishment fees) as well as \$70,000 in Directors fees paid to Mr Les Capelli.

<sup>3</sup> Comprised of costs associated with the CF2 Loan of \$519,947 (\$289,947 in interest, \$70,000 in establishment fees and \$160,000 in extension fees) as well as \$70,000 in Directors fees paid to Mr Ian Campbell.

<sup>4</sup> Comprised of costs associated with the CF2 Loan of \$200,775 (\$95,775 in interest, and \$105,000 in establishment fees) as well as an underwriting fee of \$90,000 in respect of the Company's share purchase plan undertaken in March 2010 and \$70,000 in Directors fees paid to Mr Ian Campbell.

<sup>5</sup> This figure relates to the period from the date of appointment (7 March 2011) to the end of the financial year and comprises \$23,333 in Directors fees and \$28,000 in consulting fees.

- (m) if the maximum number of Shares are issued to the Eligible Participants, a total of 2,250,000 Shares would be allotted and issued. This will increase the

number of Shares on issue from 225,669,689 to 227,919,689 (assuming that no Options are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 0.99% comprising 0.33% for each of the Eligible Participants;

- (n) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out in section 3.3(j);
- (o) the primary purpose of the provision of the Loans to the Eligible Participants is to enable the Eligible Participants to subscribe for Shares;
- (p) Michael Dureau recommends that Shareholders vote in favour of Resolutions 6 to 8 for the following reasons:
  - (i) the use of the Loans by each Eligible Participant to subscribe for Shares will align the interests of the Eligible Participants with those of Shareholders by creating a stronger link between performance resulting in increased Shareholder value and reward to the Eligible Participant. Each Eligible Participant will have a greater involvement with, and share in, any future growth and profitability of the Company; and
  - (ii) the provision of the Loans is a reasonable and appropriate method to provide benefits to the Eligible Participants as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash benefits were given to the Eligible Participants;
- (q) Richard Rudas recommends that Shareholders vote in favour of Resolutions 6 to 8 for the reasons set out in subparagraphs (p)(i) and (p)(ii);
- (r) Ian Campbell declines to make a recommendation to Shareholders in relation to Resolution 6 due to his material personal interest in the outcome of the Resolution. However, in respect of Resolutions 7 and 8, Ian Campbell recommends that Shareholders vote in favour of those Resolutions for the reasons set out in subparagraphs (p)(i) and (p)(ii);
- (s) Les Capelli declines to make a recommendation to Shareholders in relation to Resolution 7 due to his material personal interest in the outcome of the Resolution. However, in respect of Resolutions 6 and 8, Les Capelli recommends that Shareholders vote in favour of those Resolutions for the reasons set out in subparagraphs (p)(i) and (p)(ii);
- (t) Shaun Scott declines to make a recommendation to Shareholders in relation to Resolution 8 due to his material personal interest in the outcome of the Resolution. However, in respect of Resolutions 6 and 7, Shaun Scott recommends that Shareholders vote in favour of those Resolutions for the reasons set out in subparagraphs (p)(i) and (p)(ii);
- (a) the Directors consider that in providing the Loans to the Eligible Participants upon the terms proposed the following opportunity cost to the Company and benefits foregone by the Company may occur:
  - (i) no interest is payable on the Loans;
  - (i) the Loans are non-recourse which means the full amount of the Loan may not be recovered where the Shares are sold for less than the amount outstanding on the Loan. In addition, where the sale

proceeds are greater than the amount of the Loan the Company will not receive any additional repayment as the Eligible Participant is entitled to the surplus proceeds;

- (u) in forming their recommendations, each Director considered the experience of each other Eligible Participant, the existing and proposed contribution of each Eligible Participant to the Company and the current market practices when determining the provision of the Loan upon the terms proposed; and
- (v) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 6 to 8.

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## **6. RESOLUTION 9 – RATIFICATION OF PRIOR ISSUE OF SECURITIES – EMPLOYEE SHARES**

### **6.1 General**

On 24 August 2011, the Company issued 2,129,441 Shares to various employees of the Company under its Employee Loyalty Share Bonus Scheme.

Resolution 9 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Employee Issue**).

A summary of ASX Listing Rules 7.1 and 7.4 is set out in Section 1.1 above.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

### **6.2 Technical information required by ASX Listing Rule 7.4**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Employee Issue:

- (a) 2,129,441 Shares were allotted;
- (b) the Shares were issued for nil cash consideration in reward for services provided by the employees as part of the Company's bonus scheme. The deemed issue price of the Shares of \$0.063 was the volume weighted average price at which Shares were traded on the ASX over the 5 trading days prior to 31 July 2011;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were allotted and issued to various employees of the Company; and
- (e) no funds were raised from the Employee Issue as the Shares were issued in reward for services provided by the employees.

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## 7. RESOLUTION 10 – PLACEMENT – SHARES

### 7.1 General

Resolution 10 seeks Shareholder approval for the allotment and issue of up to that number of Shares, when multiplied by the issue price, will raise up to \$5,000,000 (**Placement**).

A summary of ASX Listing Rule 7.1 is set out in Section 1.1 above.

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

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

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

- (a) the maximum number of Shares to be issued is up to that number of Shares which, when multiplied by the issue price, equals \$5,000,000;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the issue price will be not less than 80% of the average market price for Shares calculated over the 5 days on which sales in the Shares are recorded before the day on which the issue is made or, if there is a prospectus, over the last 5 days on which sales in the securities were recorded before the date the prospectus is signed;
- (d) the Directors will determine to whom the Shares will be issued but these persons will not be related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the Placement towards:
  - (i) ongoing working capital requirements during the construction phase of the WMRC DiCOM Expansion Project;
  - (ii) industrialisation of the DiCOM technology;
  - (iii) business development costs; and
  - (iv) repayment of a short-term loan facility.

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## GLOSSARY

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**\$** means Australian dollars.

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

**ASX** means ASX Limited.

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

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

**Company** means Anaeco Limited (ACN 087 244 228).

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

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

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

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

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

**Option** means an option to acquire a Share.

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

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

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

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

**Scheme** means the employee share plan the subject of Resolution 5 and as summarised in Schedule 1.

**WMRC DiCOM Expansion Project** means the expansion of the DiCOM facility being constructed at the Western Metropolitan Regional Council waste transfer station in Shenton Park, Western Australia.

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

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## SCHEDULE 1 – SUMMARY OF EMPLOYEE SHARE PLAN

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The key terms of the Employee Share Plan are as follows:

- (a) **Eligibility:** Participants in the Scheme may be Directors, full-time and part-time employees of the Company or any of its subsidiaries (**Participants**).
- (b) **Administration of Plan:** The Board is responsible for the operation of the Plan and has a broad discretion to determine which Participants will be offered Shares under the Plan.
- (c) **Offer:** The Board may issue an offer to a Participant to participate in the Plan. The offer:
  - (i) will invite application for the number of Shares specified in the offer;
  - (ii) will specify the issue price for the Shares or the manner in which the Issue Price is to be calculated;
  - (iii) may invite applications for a loan up to the amount payable in respect of the Shares accepted by the Participant in accordance with the offer;
  - (iv) will specify any restriction conditions applying to the Shares;
  - (v) will specify an acceptance period; and
  - (vi) specify any other terms and conditions attaching to the Shares.
- (d) **Issue price:** the issue price of each Share will be not less the volume weighted average price at which Shares were traded on the ASX over the 10 trading days up to and including the actual date of acceptance of the Shares offered under the Offer.
- (e) **Restriction Conditions:** Shares may be subject to restriction conditions (such as a period of employment) which must be satisfied before the Shares can be sold, transferred, or encumbered. Shares cannot be sold, transferred or encumbered until any loan in relation to the Shares has been repaid or otherwise discharged under the Plan.
- (f) **Loan:** A Participant who is invited to subscribe for Shares may also be invited to apply for a loan up to the amount payable in respect of the Shares accepted by the Participant (**Loan**), on the following terms:
  - (i) the Loan will be interest free;
  - (ii) the Loan made available to a Participant shall be applied by the Company directly toward payment of the issue price of the Shares;
  - (iii) the Loan repayment date and the manner for making such payments shall be determined by the Board and set out in the offer;
  - (iv) a Participant must repay the Loan in full by the loan repayment date but may elect to repay the Loan amount in respect of any or all of the Shares at any time prior to the loan repayment date;
  - (v) the Company shall have a lien over the Shares in respect of which a Loan is outstanding and the Company shall be entitled to sell those Shares in accordance with the terms of the Plan;

- (vi) a Loan will be non-recourse except against the Shares held by the Participant to which the Loan relates; and
  - (vii) the Board may, in its absolute discretion, agree to forgive a Loan made to a Participant.
- (g) **Unfulfilled Restriction Condition:** Where a restriction condition in relation to Shares is not satisfied by the due date, or becomes incapable of satisfaction in the opinion of the Board, the Company must, unless the restriction condition is waived by the Board, either:
- (i) buy back and cancel the relevant Shares within 12 months of the date the restriction condition was not satisfied (or became incapable of satisfaction) under Part 2J.1 of the Corporations Act at a price equal to the cash consideration paid by the Participant for the Plan Shares (with any Loan not being treated as cash consideration but any Loan Amount repayments by the Participant being treated as cash consideration); or
  - (ii) arrange to sell the Shares as soon as reasonably practicable either on the ASX or to an investor who falls within an exemption under Section 708 of the Corporations Act provided that the sale must be at a price that is no less than 80% of the volume weighted average price at which Shares were traded on the ASX on the 10 trading days before the sale date and apply the sale proceeds (**Sale Proceeds**) in the following priority:
    - (A) first, to pay the Company any outstanding Loan Amount (if any) in relation to the Shares and the Company's reasonable costs in selling the Shares;
    - (B) second, to the extent the Sale Proceeds are sufficient, to repay the Participant any cash consideration paid by the Participant or Loan Amount repayments (including any cash dividends applied to the Loan Amount) made by or on behalf of the Participant; and
    - (C) lastly, any remainder to the Company to cover its costs of managing the Plan.
- (h) **Sale of Shares to repay Loan:**
- (i) A Loan shall become repayable in full where:
    - (A) the Participant (or, where the Participant is an Associate of an Eligible Employee, the Eligible Employee) ceases to be an Eligible Employee for any reason (including death);
    - (B) the Participant suffers an event of insolvency;
    - (C) the Participant breaches any condition of the Loan or the Plan; or
    - (D) a Restriction Condition in relation to Shares subject to the Loan is not satisfied by the due date, or becomes incapable of satisfaction in the opinion of the Board (and is not waived).
  - (ii) Where a Loan becomes repayable and at that time a Restriction Condition in relation to Shares subject to the Loan is not satisfied, or is incapable of being satisfied in the opinion of the Board (and is not waived), the Shares must be sold and the Sale Proceeds applied to repay the Loan in accordance the Plan.

- (iii) Where a Loan in relation to Shares becomes repayable and at that time Restriction Conditions in relation to the Shares have either been satisfied or are waived, the Company must give the Participant a 30 day period to repay the Loan, failing which the Company must sell the Shares and apply the Sale Proceeds in accordance with the Plan.
- (i) **Power of Attorney:** The Participant irrevocably appoints each of the Company and each director of the Company severally as his or her attorney to do all things necessary to give effect to the sale of the Participant's Shares in accordance with the Plan.
- (j) **Plan limit:** The Company must take reasonable steps to ensure that the number of Shares offered by the Company under the Plan when aggregated with:
  - (i) the number of Shares issued during the previous 5 years under the Plan (or any other employee share plan extended only to Eligible Employees); and
  - (ii) the number of Shares that would be issued if each outstanding offer for Shares (including options to acquire unissued Shares) under any employee incentive scheme of the Company were to be exercised or accepted,does not exceed 5% of the total number of Shares on issue at the time of an offer (but disregarding any offer of Shares or option to acquire Shares that can be disregarded in accordance with relevant ASIC Class Orders).
- (k) **Restriction on transfer:** Participants may not sell or otherwise deal with a Plan Share until the Loan Amount in respect of that Plan Share has been repaid and any restriction conditions in relation to the Shares have been satisfied or waived. The Company is authorised to impose a holding lock on the Shares to implement this restriction.
- (l) **Quotation on ASX:** The Company will apply for each Plan Share to be admitted to trading on ASX upon issue of the Plan Share. Quotation will be subject to the ASX Listing Rules and any holding lock applying to the Shares.
- (m) **Rights attaching to Shares:** Each Plan Share shall be issued on the same terms and conditions as the Company's issued Shares (other than in respect of transfer restrictions imposed by the Plan) and it will rank equally with all other issued Shares from the issue date except for entitlements which have a record date before the issue date.

## PROXY FORM

**APPOINTMENT OF PROXY  
ANAECO LIMITED  
ACN 087 244 228**

### GENERAL MEETING

I/We

of

being a member of Anaeco Limited entitled to attend and vote at the General Meeting, hereby

Appoint

Name of proxy

OR  the Chair of the General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the General Meeting to be held at 1.00pm (WST), on 6 October 2011 at 3 Turner Avenue, Bentley, Western Australia, and at any adjournment thereof.

If no directions are given, the Chair will vote in favour of all the Resolutions.

If the Chair of the 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 **Resolutions 2 to 8** please place a mark in this box.

By marking this box, you acknowledge that the Chair of the General Meeting may exercise your proxy even if he has an interest in the outcome of Resolutions 2 to 8 and that votes cast by the Chair of the General Meeting for Resolutions 2 to 8 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 Resolutions 2 to 8 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 2 to 8.

**OR**

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#### Voting on Business of the General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 – Ratification of prior issue of securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Participation of director in capital raising – Shaun Scott	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Issue of shares to related party – Nichol Bay Holdings Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Issue of shares to related party – CF2 Pty Ltd ATF The CF Trust	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Adoption of Employee Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – Issue of Director incentive shares to related party – Ian Campbell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 – Issue of Director incentive shares to related party – Les Capelli	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 – Issue of Director incentive shares to related party – Shaun Scott	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9 – Ratification of prior issue of securities – Employee Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10 – Placement - Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

**Signature of Member(s):**

**Date:** \_\_\_\_\_

**Individual or Member 1**

**Member 2**

**Member 3**

**Sole Director/Company Secretary**

**Director**

**Director/Company Secretary**

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

**ANAECO LIMITED**  
**ACN 087 244 228**

**Instructions for Completing 'Appointment of Proxy' Form**

1. **(Appointing a Proxy):** A member entitled to attend and vote at the General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
  - **(Individual):** Where the holding is in one name, the member must sign.
  - **(Joint Holding):** Where the holding is in more than one name, all of the members should sign.
  - **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to AnaeCo Limited, PO Box 1287, Bentley DC WA 6983; or
  - (b) facsimile to the Company on facsimile number +61 8 9361 4888; or
  - (c) email to the Company at [info@anaeco.com](mailto:info@anaeco.com),

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

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

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