

Notice of 2009 Annual General Meeting

National Leisure & Gaming Limited ABN 13 113 373 461

Notice is given that the Annual General Meeting (AGM) of shareholders of National Leisure & Gaming Limited (NLG or the Company) will be held at the Keighery Hotel, 51 Rawson Street, Auburn, New South Wales on Monday, 30 November 2009 commencing at 11.00am.

A. CONSIDERATION OF REPORTS

To receive and consider the Financial Report, the Directors' Report and the Independent Audit Report of the Company for the financial year ended 30 June 2009.

Unless the Company's Share Registry has been notified otherwise, shareholders will not be sent a hard copy of the Annual Report. All shareholders can view the Annual Report, which contains the Financial Report for the year ended 30 June 2009 on the website of the Company (www.nationaleisure.com.au), under Investors / Reports & Publications.

B. QUESTIONS AND COMMENTS

Following the consideration of Reports, the Chairman will give shareholders a reasonable opportunity to ask questions about or comment on the management of the Company.

The Chairman will also give shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- a. the conduct of the audit;
- b. the preparation and content of the Independent Audit Report;
- c. the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- d. the independence of the Auditor in relation to the conduct of the audit.

The Chairman will also give the Auditor a reasonable opportunity to answer written questions submitted by shareholders that are relevant to the content of the Independent Audit Report or the conduct of the audit. A list of written questions, if any, submitted by shareholders will be made available at the start of the AGM and any written answer tabled by the Auditor at the AGM will be made available as soon as practicable after the AGM.

C. ITEMS FOR APPROVAL

1. Re-election of Peter Dransfield

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

"That, Peter Dransfield, who retires in accordance with clause 7.1(f) of the Company's Constitution, and having offered himself for re-election and being eligible, is hereby re-elected as a Director of the Company."

2. Remuneration Report

To consider and, if thought fit, to pass the following as an advisory resolution of the Company:

"That, the Company's Remuneration Report for the financial year ended 30 June 2009 (set out in the Directors' Report) be adopted."

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3. Appointment of Auditor

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

"That, for the purposes of section 327B(1)(b) of the Corporations Act 2001 and for all other purposes, PKF Chartered Accountants, having been nominated by a shareholder and consented in writing to act in the capacity of auditor, be appointed as the auditor of the Company."

4. Employee Option Plan

To consider and, if thought fit, pass the following as an ordinary resolution of the Company:

"That, for the purposes of Exception 9 of ASX Listing Rule 7.2, and for all other purposes, approval is given for:

- a. the establishment of the National Leisure & Gaming Limited Employee Option Plan as described in the Explanatory Memorandum accompanying and forming part of this Notice of Annual General Meeting; and*
- b. the grant of Options in the Company under the Plan."*

Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11.1, the Company will disregard any votes cast on Resolution 4 by any Director of the Company and their associates.

However, the Company need not disregard a vote if:

- a. it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- b. it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with the direction on the proxy form to vote as the proxy decides.

5. Grant of options to Peter Dransfield (retrospective award)

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

"That, conditional upon Resolution 4 being approved, for the purposes of ASX Listing Rule 10.14, and for all other purposes, approval is hereby given for the issue of 500,000 Options which, subject to the achievement of Vesting Conditions, may convert to ordinary shares in the capital of the Company, under the National Leisure & Gaming Limited Employee Option Plan to Mr Peter Dransfield, the non-executive Chairman of the Company, on the terms described in the Explanatory Statement which forms part of this Notice of Meeting."

Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on Resolution 5 by any Director of the Company and their associates.

However, the Company need not disregard a vote if:

- a. it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- b. it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with the direction on the proxy form to vote as the proxy decides.

6. Grant of options to David Greek (retrospective award)

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

“That, conditional upon Resolution 4 being approved, for the purposes of ASX Listing Rule 10.14, and for all other purposes, approval is hereby given for the issue of 500,000 Options which, subject to the achievement of Vesting Conditions, may convert to ordinary shares in the capital of the Company, under the National Leisure & Gaming Limited Employee Option Plan to Mr David Greek, a non-executive Director of the Company, on the terms described in the Explanatory Statement which forms part of this Notice of Meeting.”

Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on Resolution 6 by any Director of the Company and their associates.

However, the Company need not disregard a vote if:

- a. it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- b. it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with the direction on the proxy form to vote as the proxy decides.

7. Grant of options to Craig Laundry (retrospective award)

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

“That, conditional upon Resolution 4 being approved, for the purposes of ASX Listing Rule 10.14, and for all other purposes, approval is hereby given for the issue of 500,000 Options which, subject to the achievement of Vesting Conditions, may convert to ordinary shares in the capital of the Company, under the National Leisure & Gaming Limited Employee Option Plan to Mr Craig Laundry, a non-executive Director of the Company, on the terms described in the Explanatory Statement which forms part of this Notice of Meeting.”

Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on Resolution 7 by any Director of the Company and their associates.

However, the Company need not disregard a vote if:

- a. it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- b. it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with the direction on the proxy form to vote as the proxy decides.

8. Grant of options to Andrew Jolliffe (retrospective award)

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

“That, conditional upon Resolution 4 being approved, for the purposes of ASX Listing Rule 10.14, and for all other purposes, approval is hereby given for the issue of 500,000 Options which, subject to the achievement of Vesting Conditions, may convert to ordinary shares in the capital of the Company, under the National Leisure & Gaming Limited Employee Option Plan to Mr Andrew Jolliffe, the Managing Director of the Company, on the terms described in the Explanatory Statement which forms part of this Notice of Meeting.”

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Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on Resolution 8 by any Director of the Company and their associates.

However, the Company need not disregard a vote if:

- a. it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- b. it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with the direction on the proxy form to vote as the proxy decides.

9. Grant of options to Peter Dransfield (FY2010 award)

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

"That, conditional upon Resolution 4 being approved, for the purposes of ASX Listing Rule 10.14, and for all other purposes, approval is hereby given for the issue of 300,000 Options which, subject to the achievement of Vesting Conditions, may convert to ordinary shares in the capital of the Company, under the National Leisure & Gaming Limited Employee Option Plan to Mr Peter Dransfield, the non-executive Chairman of the Company, on the terms described in the Explanatory Statement which forms part of this Notice of Meeting."

Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on Resolution 9 by any Director of the Company and their associates.

However, the Company need not disregard a vote if:

- a. it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- b. it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with the direction on the proxy form to vote as the proxy decides.

10. Grant of options to David Greek (FY2010 award)

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

"That, conditional upon Resolution 4 being approved, for the purposes of ASX Listing Rule 10.14, and for all other purposes, approval is hereby given for the issue of 300,000 Options which, subject to the achievement of Vesting Conditions, may convert to ordinary shares in the capital of the Company, under the National Leisure & Gaming Limited Employee Option Plan to Mr David Greek, a non-executive Director of the Company, on the terms described in the Explanatory Statement which forms part of this Notice of Meeting."

Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on Resolution 10 by any Director of the Company and their associates.

However, the Company need not disregard a vote if:

- a. it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- b. it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with the direction on the proxy form to vote as the proxy decides.

11. Grant of options to Craig Laundy (FY2010 award)

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

"That, conditional upon Resolution 4 being approved, for the purposes of ASX Listing Rule 10.14, and for all other purposes, approval is hereby given for the issue of 300,000 Options which, subject to the achievement of Vesting Conditions, may convert to ordinary shares in the capital of the Company, under the National Leisure & Gaming Limited Employee Option Plan to Mr Craig Laundy, a non-executive Director of the Company, on the terms described in the Explanatory Statement which forms part of this Notice of Meeting."

Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on Resolution 11 by any Director of the Company and their associates.

However, the Company need not disregard a vote if:

- a. it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- b. it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with the direction on the proxy form to vote as the proxy decides.

12. Grant of options to Andrew Jolliffe (FY2010 award)

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

"That, conditional upon Resolution 4 being approved, for the purposes of ASX Listing Rule 10.14, and for all other purposes, approval is hereby given for the issue of 2,000,000 Options which, subject to the achievement of Vesting Conditions, may convert to ordinary shares in the capital of the Company, under the National Leisure & Gaming Limited Employee Option Plan to Mr Andrew Jolliffe, the Managing Director of the Company, on the terms described in the Explanatory Statement which forms part of this Notice of Meeting."

Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on Resolution 12 by any Director of the Company and their associates.

However, the Company need not disregard a vote if:

- a. it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- b. it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with the direction on the proxy form to vote as the proxy decides.

By order of the Board



Sarah Prince

Company Secretary
19 October 2009

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ENTITLEMENT TO ATTEND AND VOTE

In accordance with Reg 7.11.37 of the Corporations Regulations 2001, the Board has determined that persons who are registered holders of shares of the Company as at 7:00pm (Sydney time) on 28 November 2009 will be entitled to attend and vote at the Meeting as a shareholder.

If more than one joint holder of shares is present at the Meeting (whether personally, by proxy or by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

VOTING BY PROXY

If you are a shareholder entitled to attend and vote, you may appoint an individual or a body corporate as a proxy. If a body corporate is appointed as a proxy, that body corporate must ensure that it appoints a corporate representative in accordance with section 250D of the Corporations Act to exercise its powers as proxy at the Meeting.

A proxy need not be a shareholder of the Company.

A shareholder may appoint up to two proxies and specify the proportion or number of votes each proxy may exercise. If the shareholder does not specify the proportion or number of votes to be exercised, each proxy may exercise half of the shareholder's votes.

To be effective, the proxy must be received at the share registry of the Company no later than 11.00am (Sydney time) on 28 November 2009. Proxies must be received before that time by one of the following methods:

By post: Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001

By facsimile: In Australia: 1800 783 447
From outside Australia: +61 3 9473 2555

By delivery: Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street
Abbotsford, Victoria 3067

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

To be valid, a proxy must be received by the Company in the manner stipulated above. The Company reserves the right to declare invalid any proxy not received in this manner.

Voting by Attorney

A proxy form and the original power of attorney (if any) under which the proxy form is signed (or a certified copy of that power of attorney or other authority) must be received by the Company no later than 11.00am (Sydney time) on 28 November 2009 being 48 hours before the AGM.

Corporate Representatives

A body corporate which is a shareholder, or which has been appointed as a proxy, is entitled to appoint any person to act as its representative at the Meeting. The appointment of the representative must comply with the requirements under section 250D of the Corporations Act. The representative should bring to the Meeting a properly executed letter or other document confirming its authority to act as the company's representative.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of shareholders of the Company (Shareholders) in relation to the business to be conducted at the Company's 2009 Annual General Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with information that is reasonably required by Shareholders to decide how to vote upon the resolutions. The Directors recommend that Shareholders read this Explanatory Statement before determining whether or not to support the Resolutions.

All of the resolutions to be voted on are ordinary resolutions. An ordinary resolution requires a simple majority of votes cast by Shareholders entitled to vote on the resolution.

Resolution 1: Re-Election of Peter Dransfield

Peter Dransfield was appointed as a Director of the Company in accordance with clause 7.1(d) of the Company's Constitution on 5 July 2007 and was elected by the Company's shareholders at the 2007 Annual General Meeting. Peter was appointed as the Chairman of the Board effective 12 October 2007.

ASX Listing Rule 14.5 requires that an entity with directors hold an election of directors each year. In accordance with this rule and the procedure set out in the Company's Constitution, Peter retires and, being eligible, offers himself for re-election as a Director.

Peter is the Independent, Non-Executive Chairman of the Board, a member of the Audit & Compliance Committee and Chairman of the Remuneration & Nomination Committee.

Peter has extensive experience in a number of relevant industries and is currently a consultant to Grant Samuel Property, a director of Macquarie Real Estate Equity Fund and Bremer Park Limited, independent chairman of two Landcom joint ventures and a member of the Investment Committee, St Hilliers Enhanced Property Trust.

Previously Peter was a director of Multiplex Group and Walker Corporation. Peter was also previously the Director of Housing, New South Wales State Government and an executive of Australand Holdings Limited.

The Directors, with Mr Dransfield abstaining, unanimously recommend that Shareholders vote in favour of this resolution.

Resolution 2: Remuneration Report

Section 250R(2) of the Corporations Act 2001 requires the shareholders to vote on an advisory resolution that the Remuneration Report (the Report) be adopted.

The Report details the remuneration policy for the Company and reports the remuneration arrangements for Key Management Personnel (identified for the purposes of the Accounting Standards) and other National Leisure & Gaming Limited employees. The Report is available from page 18 in the Company's Annual Report which can be viewed in the "Investors / Reports & Publications" section of the Company's website (www.nationaleisure.com.au).

The Chairman will give shareholders a reasonable opportunity to ask questions about or make comments on the Report.

The Directors unanimously recommend Shareholders vote in favour of this advisory resolution.

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Resolution 3: Appointment of PKF as Auditors

Pitcher Partners have given their notice of intention to resign as auditor of the Company (under section 329(5) of the Corporations Act); this is subject to receipt of the consent of the Australian Securities & Investments Commission (ASIC).

Subject to ASIC consenting to the resignation of Pitcher Partners and Pitcher Partners submitting a resignation to the Company, it is proposed that the Company appoint PKF Chartered Accountants (PKF) as auditor of the Company.

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

PKF has given its written consent to act as the Company's auditor subject to shareholder approval of this resolution.

If this resolution is passed, the appointment of PKF as the Company's auditor will take effect at the close of this AGM.

The Directors unanimously recommend that Shareholders vote in favour of this resolution.

Resolution 4: Approval of the National Leisure & Gaming Limited Employee Option Plan

The Company seeks Shareholder approval for the National Leisure & Gaming Limited Employee Option Plan (Plan).

The Board believes that appropriately designed equity-based plans are an important component of the Company's remuneration arrangements. Such plans are a key tool to allow the Company to attract and retain talented directors and employees and ensure the interests of directors and employees are aligned with those of Shareholders in creating long-term Shareholder value.

The Plan is intended to provide employees and Directors of the Company (Group Employees) with an incentive to work towards improving the performance of the NLG Group and the Company's share price through the receipt of Options (which may convert to Shares). A summary of the Plan is set out below.

Under the Plan, the Board may offer Options to Group Employees whom the Board determines should be entitled to participate in the Plan for no initial consideration (an exercise price is applicable upon conversion however the exercise price may be a nominal amount). The Board may in its absolute discretion determine criteria to apply to a Group Employee to be able to participate in the Plan including, without limitation, a minimum period of service.

Summary of the Plan

- The Company will not apply for ASX quotation of any Options issued under the Plan. The exercise price per Option will be determined by the Board and specified in the offer to the Group Employee.
- The Board may determine and specify in the offer to the Group Employee:
 - a. the time periods or other conditions, such as the achievement of performance hurdles, that must be satisfied before Options are vested; and/or
 - b. any other vesting conditions that must be satisfied before Options can be exercised.
- The Board will determine the performance hurdles to be applied to awards under the Plan taking into account the Company's strategies and in accordance with the Company's remuneration policies, will ensure benefits are only delivered where the Company's performance has materially improved. Generally, any awards granted under the Plan for which performance hurdles are not met, will not vest. In this way, long-term incentive awards under the Plan will align executives' interests with those of Shareholders. Details of the performance hurdles

determined by the Board for awards under the Plan will be set out in the Company's annual Remuneration Report. Any grants of long-term incentive awards under the Plan to any Director will also be detailed in the Remuneration Report.

- The quantum of awards granted to each Group Employee under the Plan will be determined taking into account their role and contribution to the Company, consistent with the Company's remuneration philosophy.
- Options will be exercisable during the option exercise period specified by the Board in the offer to the Group Employee. Subject to the satisfaction of any applicable vesting conditions before Options can be exercised, Options are exercisable during the specified exercise period by giving notice of the exercise to the Company and by paying the exercise price for the Options exercised. Each Option entitles the holder to subscribe for one Share. The Shares allotted upon exercise of the Options will rank equally in all respects with all other issued Shares of the Company. The Company will apply for official quotation of those Shares on the ASX after they are issued.
- Generally if an Optionholder ceases employment, Options will automatically lapse on the earlier of one month after the date of cessation of employment and the expiry date.
- An Optionholder will not be entitled to participate in new issues of Shares or other securities made by the Company to holders of its Shares in respect of his or her Options unless the Options are exercised before the record date for determining entitlements to the issue.
- If the Company makes a pro rata bonus issue of Shares to its Shareholders and an Option is not exercised prior to the record date for determining entitlements to that issue, the Option, when exercised, will entitle the holder to one Share plus the number of bonus Shares which would have been issued to the holder if the Option had been exercised prior to the relevant record date.
- If the Company undergoes a reorganisation of capital (other than by way of a bonus issue or issue for cash) or undertakes a pro rata issue (other than a bonus issue) of securities, the terms of the Options and the rights of the participants will be changed to the extent necessary to comply with the ASX Listing Rules.
- If a takeover bid is made to acquire the whole or part of the issued Shares of the Company, or a scheme of arrangement, selective capital reduction or other transaction is initiated which has an effect similar to a full takeover bid for all the issued Shares of the Company (Bid), then each participant shall be able to exercise all or part of his or her Options, notwithstanding that the Option exercise period has not commenced or that applicable vesting and/or exercise conditions have not been satisfied.
- Finally, the Board has imposed a limit such that no more than 5% of NLG's issued share capital can be issued, or agreed to be issued, under awards that have been granted, but which have not lapsed, vested or exercised (as the case may be) under the Plan or any other employee equity incentive plan.

Legislative Requirements & Reason For Approval

Under Exception 9 of ASX Listing Rule 7.2, an issue of securities under an employee incentive scheme is an exception to Listing Rule 7.1 (which contains the restrictions relating to issues exceeding 15% of the issued capital of a listed company in the 12 months before the date of issue) if, within three years before the date of the issue, shareholders have approved the issue of shares as an exception to Listing Rule 7.1.

If approved, any Options issued under the Plan in the three years following the 2009 AGM will not be included in the calculation of the 15% in 12 months limit under ASX Listing Rule 7.1. Further, in accordance with ASX Listing Rule 7.2 (Exception 4), any shares issued as a result of the Options issued under the Plan being exercised will not be included in the calculation of the 15% in 12 months limit under ASX Listing Rule 7.1.

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ASX Listing Rule 10.14 requires shareholder approval of any issue of shares to a related party to the Company (such as a director). This Resolution does not relate to the approval of any issue of Options under the Plan to any Director of the Company. There are 2 sets of proposed awards to directors under the Plan (Resolutions 5 – 12); a retrospective award and an award for FY2010. Further information in relation to the approval sought under each resolution, including the information required by ASX Listing Rule 10.15, is set out below.

Section 260C(4) of the Corporations Act 2001, which applies to the Company, permits the Company to provide financial assistance to persons for the purpose of acquiring shares in the Company under an employee share scheme provided shareholder approval is obtained.

A Voting Exclusion Statement is set out under the resolution in the Notice of Meeting.

Resolutions 5, 6, 7 and 8: Issue of Options (Retrospective Award) to Peter Dransfield, David Greek, Craig Laundry and Andrew Jolliffe under the National Leisure & Gaming Limited Employee Option Plan

Resolutions 5 - 8 seek Shareholder approval to issue Options to the Company's Directors (Peter Dransfield, David Greek, Craig Laundry and Andrew Jolliffe) under the National Leisure & Gaming Limited Employee Option Plan (Plan).

Following an independent review of executive and non-executive director remuneration it was recommended that NLG's Directors consider an option plan to supplement remuneration and provide short term incentives to both executive and non-executive Directors.

Such recommendations were given in light of the particular circumstances of NLG, including the following in relation to the non-executive Directors:

- NLG non-executive Director base fees are currently at the 25th percentile of companies with comparable turnover;
- NLG's cash flow constraints limiting the ability to seek increases to fixed non-executive Director fees. As such, no fee increase is proposed for the Directors and no increase in the collective pool of directors' fees has been requested since the Company listed in 2005; and
- the small size of the NLG Board. The small size requires non-executive Directors to spend more time reviewing the Company's plans and progress and ensures the overall fee pool from a cash perspective for non-executive Directors is minimised.

The particular circumstances of NLG considered in making the recommendations in relation to the both the executive and non-executive Directors included:

- the efforts and commitment of current Directors to stabilise the Company's performance;
- the importance of a stable Board and retaining the current Directors to add further value to the Company.

As set out in the Company's Remuneration Report, NLG has only used short term incentives in the form of "at risk" elements of remuneration by way of bonus payments in recent years for executive remuneration. The intention of such incentives is to achieve the following objectives:

- focus executives on the financial and business targets that the Board believes will lead to sustained and improved business performance;
- focus executives on the immediate goals of improving the Company's performance by linking Company performance to individual reward;
- establish a variable remuneration arrangement that links individual performance with reward;
- reward and recognise superior performance, if achieved.

The granting of Options, together with the current short term incentives used, is seen by the Board to be appropriate at risk remuneration for the Managing Director at present and is in line with the Company's current remuneration philosophy.

In light of the above, the Directors of NLG seek approval from shareholders for the issue of 500,000 options for each of the current Directors (as described below) in recognition of the invaluable contribution that each Director has made to stabilise and add value to the Company for the benefit of shareholders since joining the Board in 2007 and 2008.

For the purposes of s211(1) of the Corporations Act, the Board has resolved that the proposed issue of options is considered reasonable remuneration and reflective of the contribution the Directors have made to the Company to date.

Award	Expiry	Vesting Conditions	Exercise Price
Peter Dransfield, Non-Executive Chairman (Resolution 5)			
Subject to Shareholder approval at the Company's 2009 Annual General Meeting, 500,000 unlisted Employee Options at the Exercise Price each exercisable upon achievement of Vesting Conditions.	The earlier of 4 years after grant date or 1 year after director resignation.	Still employed as a Director of the Company at the date of grant (expected to be 30 November 2009).	12 months VWAP up to and including the date of 2009 Annual General Meeting.
David Greek, Non-Executive Director (Resolution 6)			
Subject to Shareholder approval at the Company's 2009 Annual General Meeting, 500,000 unlisted Employee Options at the Exercise Price each exercisable upon achievement of Vesting Conditions.	The earlier of 4 years after grant date or 1 year after director resignation.	Still employed as a Director of the Company at the date of grant (expected to be 30 November 2009).	12 months VWAP up to and including the date of 2009 Annual General Meeting.
Craig Laundry, Non-Executive Director (Resolution 7)			
Subject to Shareholder approval at the Company's 2009 Annual General Meeting, 500,000 unlisted Employee Options at the Exercise Price each exercisable upon achievement of Vesting Conditions.	The earlier of 4 years after grant date or 1 year after director resignation.	Still employed as a Director of the Company at the date of grant (expected to be 30 November 2009).	12 months VWAP up to and including the date of 2009 Annual General Meeting.
Andrew Jolliffe, Managing Director & Chief Executive Officer (Resolution 8)			
Subject to Shareholder approval at the Company's 2009 Annual General Meeting, 500,000 unlisted Employee Options at the Exercise Price each exercisable upon achievement of Vesting Conditions.	The earlier of 4 years after grant date or 1 year after director resignation.	Still employed as a Director of the Company at the date of grant (expected to be 30 November 2009).	12 months VWAP up to and including the date of 2009 Annual General Meeting.

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Pursuant to the requirements of ASX Listing Rule 10.14 and 10.15, the following information is provided with regard to Resolutions 5, 6, 7 and 8 respectively:

- Mr Dransfield, Mr Greek and Mr Laundry are non-executive Directors of the Company. Mr Jolliffe is the Managing Director of the Company.
- Mr Dransfield, Mr Greek, Mr Laundry and Mr Jolliffe will be granted 500,000 options each. All Options are Options over Ordinary Shares which may be converted on a one-for-one basis, subject to the achievement of the Vesting Conditions as set out in this Explanatory Statement; therefore each Director may receive up to 500,000 Shares upon the conversion of Options.
- The Options will be issued at no cost to Mr Dransfield, Mr Greek, Mr Laundry and Mr Jolliffe under the Plan. Options may be exercised at the price equal to the 12 months VWAP up to and including the date of 2009 Annual General Meeting.
- There have been no prior offers under the Plan. For the purposes of ASX Listing Rule 10.15.4, no person referred to in Listing Rule 10.14 has received any securities under the Plan.
- All Directors of the Company are entitled to participate in the scheme. The current Directors of the Company are: Peter Dransfield, David Greek, Craig Laundry and Andrew Jolliffe.
- There is no loan attaching to the offer under the Plan.
- The Company will allot the Options within a week after the Annual General Meeting.

Resolutions 9, 10, 11 and 12: Issue of Options to Peter Dransfield, David Greek, Craig Laundry and Andrew Jolliffe under the National Leisure & Gaming Limited Employee Option Plan

Resolutions 9 - 12 seek Shareholder approval to issue Options to the Company's Directors under the National Leisure & Gaming Limited Employee Option Plan.

As set out above, following an independent review of director remuneration at NLG it was recommended that NLG's Directors consider an option plan with modest quantum of options. Such recommendations were given in light of the particular circumstances of NLG which are described above.

In light of the points set out above, the Directors of NLG seek approval from Shareholders for the issue of 300,000 options for each non-executive Director (as described below) with the proposed options vesting until twelve months after the date of grant, if the Director is still a Director of the Company.

Such an issue recognises the invaluable contribution to the Company that each of the current Directors have made to date, whilst providing an incentive for each of the Directors to continue to contribute to NLG and recognising the importance of retaining a committed group of non-executive directors with interests more closely aligned with that of the Company's shareholders.

For the purposes of s211(1) of the Corporations Act, the Board has resolved that the proposed issue of options is considered reasonable remuneration and reflective of the contribution the non-executive Directors will make to the Company for FY2010.

The Directors of NLG also seek approval from shareholders for the issue of 2 million options for the Managing Director (as described below) in recognition of the invaluable contribution that he has made to date, and to provide further incentives in relation to the performance of the Company in FY2010. As with the non-executive Directors, the proposed options do not vest until twelve months after the date of grant. Further, the vesting of the options is tied to the Company's share price with changes in share price measured using a VWAP for the year. The two vesting conditions demonstrate the objective of the proposed issue: recognising the importance of rewarding and retaining vital employees and aligning their interests more closely with those of the Company's shareholders and are in line with the Company's remuneration philosophy as described above and in the Company's Remuneration Report.

For the purposes of s211(1) of the Corporations Act, the Board has resolved that the proposed issue of options is considered reasonable remuneration and reflective of the contribution the Managing Director will make to the Company for FY2010.

Award	Expiry	Vesting Conditions	Exercise Price
Peter Dransfield, Non-Executive Chairman (Resolution 9)			
Subject to Shareholder approval at the Company's 2009 Annual General Meeting, 300,000 unlisted Employee Options at the Exercise Price each exercisable upon achievement of Vesting Conditions.	The earlier of 4 years after grant date or 1 year after director resignation.	Still employed as a Director of the Company twelve months after the date of grant (expected to be on or about 30/11/2010).	12 months VWAP up to and including the date of the Company's 2010 Annual General Meeting.
David Greek, Non-Executive Director (Resolution 10)			
Subject to Shareholder approval at the Company's 2009 Annual General Meeting, 300,000 unlisted Employee Options at the Exercise Price each exercisable upon achievement of Vesting Conditions.	The earlier of 4 years after grant date or 1 year after director resignation.	Still employed as a Director of the Company twelve months after the date of grant (expected to be on or about 30/11/2010).	12 months VWAP up to and including the date of the Company's 2010 Annual General Meeting.
Craig Laundry, Non-Executive Director (Resolution 11)			
Subject to Shareholder approval at the Company's 2009 Annual General Meeting, 300,000 unlisted Employee Options at the Exercise Price each exercisable upon achievement of Vesting Conditions.	The earlier of 4 years after grant date or 1 year after director resignation.	Still employed as a Director of the Company twelve months after the date of grant (expected to be on or about 30/11/2010).	12 months VWAP up to and including the date of the Company's 2010 Annual General Meeting.

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Award	Expiry	Vesting Conditions	Exercise Price
Andrew Jolliffe, Managing Director & Chief Executive Officer (Resolution 12)			
Subject to Shareholder approval at the Company's 2009 Annual General Meeting, 2,000,000 unlisted Employee Options at the Exercise Price each exercisable upon achievement of Vesting Conditions.	The earlier of 4 years after grant date or 1 year after director resignation.	Still employed as the Managing Director & Chief Executive Officer of the Company 12 months after the date of grant (expected to be on or about 30/11/2010). The number of Options that will vest 12 months after the date of grant will be determined using the formula described below.	12 months VWAP up to and including the date of the Company's 2010 Annual General Meeting.

Sensitivity Analysis

Formula to be used to determine the number of Managing Director's options that vest

The baseline for the calculation of the number for the Options is the VWAP for the twelve months from 1 December 2008 – 30 November 2009 (2009 VWAP). The Company will calculate the VWAP for the period 1 December 2009 – 30 November 2010 (2010 VWAP) and use the change in VWAP (if any) to determine the amount of options that vest and/or lapse.

In the event that there is no difference between the 2009 VWAP and the 2010 VWAP, 500,000 Options will vest and the remaining 1,500,000 options will lapse.

For every 1% increase between the 2009 VWAP and the 2010 VWAP, the Managing Director will receive an additional 5,000 Options up to a maximum of 2,000,000 Options as approved by Shareholders under this resolution.

For every 1% decrease between the 2009 VWAP and the 2010 VWAP, 5,000 of the Managing Director's Options will lapse. Therefore in the event that there is any decrease between the 2009 VWAP and the 2010 VWAP, the maximum that may vest is 495,000 and the minimum that may vest is zero.

Examples showing the number of Options that may vest

Set out below are examples of the number of Options that may vest using various example VWAP calculations.

2009 VWAP	2010 VWAP	Change (%)	No. Options that vest
\$0.01	\$0.005	-50%	250,000
\$0.01	\$0.01	0%	500,000
\$0.01	\$0.02	+100%	1,000,000
\$0.01	\$0.03	+200%	1,500,000
\$0.01	\$0.04	+300%	2,000,000

2009 VWAP	2010 VWAP	Change (%)	No. Options that vest
\$0.015	\$0.005	-66.67%	165,000
\$0.015	\$0.01	-33.33%	335,000
\$0.015	\$0.02	+33.33%	835,000
\$0.015	\$0.03	+100%	1,000,000
\$0.015	\$0.04	+166.67%	1,670,000
\$0.02	\$0.005	-75%	125,000
\$0.02	\$0.01	-50%	250,000
\$0.02	\$0.02	0%	500,000
\$0.02	\$0.03	+50%	750,000
\$0.02	\$0.04	+100%	1,000,000
\$0.025	\$0.005	-80%	100,000
\$0.025	\$0.01	-60%	200,000
\$0.025	\$0.02	-20%	400,000
\$0.025	\$0.03	+20%	600,000
\$0.025	\$0.04	+60%	800,000

Pursuant to the requirements of ASX Listing Rule 10.14 and 10.15, the following information is provided with regard to Resolutions 9, 10 and 11 respectively:

- Mr Dransfield, Mr Greek and Mr Laundry are Non-Executive Directors of the Company.
- Mr Dransfield, Mr Greek and Mr Laundry will be granted 300,000 options each. All Options are Options over Ordinary Shares which may be converted on a one-for-one basis subject to the achievement of the vesting conditions as set out in this Explanatory Statement; therefore each Director may receive up to 300,000 Shares upon the conversion of the Options.
- The Options will be issued at no cost to Mr Dransfield, Mr Greek and Mr Laundry under the Plan. Options may be exercised at the price equal to the 12 months VWAP up to and including the date twelve months after the date of grant.
- There have been no prior offers under the Plan. For the purposes of ASX Listing Rule 10.15.4, no person referred to in Listing Rule 10.14 has received any securities under the Plan.
- All Directors of the Company are entitled to participate in the scheme. The current Directors of the Company are: Peter Dransfield, David Greek, Craig Laundry and Andrew Jolliffe.
- There is no loan attaching to the offer under the Plan.
- The Company will allot the Options within a week after the Annual General Meeting.

Pursuant to the requirements of ASX Listing Rule 10.14 and 10.15, the following information is provided with regard to Resolution 12:

- Mr Jolliffe is the Managing Director of the Company.
- Mr Jolliffe will be granted 2,000,000 options. All Options are Options over Ordinary Shares which may be converted on a one-for-one basis subject to the achievement of the Vesting Conditions as set out in this Explanatory Statement; therefore Mr Jolliffe may receive up to 2,000,000 Shares upon the conversion of Options. The formula for determining the number of Options that vest is set out above under "Sensitivity Analysis".
- The Options will be issued at no cost to Mr Jolliffe under the Plan. Options may be exercised at the price equal to the 12 months VWAP up to and including the date twelve months after the date of grant.
- There have been no prior offers under the Plan. For the purposes of ASX Listing Rule 10.15.4, no person referred to in Listing Rule 10.14 has received any securities under the Plan.
- All Directors of the Company are entitled to participate in the scheme. The current Directors of the Company are: Peter Dransfield, David Greek, Craig Laundry and Andrew Jolliffe.
- There is no loan attaching to the offer under the Plan.
- The Company will allot the Options within a week after the Annual General Meeting.

Notice of 2009 Annual General Meeting

SCHEDULE 1

Nomination from a shareholder for the appointment of PKF Chartered Accountants as auditor the subject of Resolution 3

16 October 2009

The Company Secretary
National Leisure & Gaming Limited
315 Penshurst Street
Willoughby North NSW 2068

Dear Madam,

RE: NOMINATION OF PKF CHARTERED ACCOUNTANTS (PKF) AS AUDITOR OF NATIONAL LEISURE & GAMING LIMITED

I, Peter Dransfield, being the corporate representative of Layrir Pty Ltd, a shareholder of National Leisure & Gaming Limited, hereby nominate PKF, of Level 10, 12 Margaret Street, Sydney NSW 2000 for the appointment as auditor of National Leisure & Gaming Limited at its forthcoming Annual General Meeting.

I consent to the distribution of a copy of this notice of nomination as a schedule to the Notice of Meeting and Explanatory Statement for the 2009 Annual General Meeting of National Leisure & Gaming Limited as required by section 328B(3) of the Corporations Act 2001.



Peter Dransfield
Layrir Pty Ltd



**National Leisure &
Gaming Limited**
ABN 13 113 373 461

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

Lodge your vote:



Online:
www.investorvote.com.au



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

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

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

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

Proxy Form



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

www.investorvote.com.au



Cast your proxy vote



Access the annual report



Review and update your securityholding

Your secure access information is:

Control Number: 999999

SRN/HIN: 1999999999

PIN: 99999



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

For your vote to be effective it must be received by 11.00am (Sydney time) Saturday 28 November 2009

How to Vote on Items of Business

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

Appointment of Proxy

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

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

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

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

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

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

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

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

Attending the Meeting

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

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

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

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

☐

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



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of National Leisure & Gaming Limited hereby appoint

☐ the Chairman of the Meeting **OR**



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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of National Leisure & Gaming Limited to be held at the Keighery Hotel, 51 Rawson Street, Auburn, New South Wales on Monday, 30 November 2009 at 11.00am (Sydney time) and at any adjournment of that meeting.

Important for Items 4 to 12: If the Chairman of the Meeting is your proxy and you have not directed him/her how to vote on Items 4 to 12 below, please mark the box in this section. If you do not mark this box and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Items 4 to 12 and your votes will not be counted in computing the required majority if a poll is called on this Item. The Chairman of the Meeting intends to vote undirected proxies in favour of items 4 to 12 of business.

☐ I/We acknowledge that the Chairman of the Meeting may exercise my proxy even if he/she has an interest in the outcome of that Item and that votes cast by him/her, other than as proxy holder, would be disregarded because of that interest.

STEP 2 Items of Business



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

		For	Against	Abstain
Item 1	Re-election of Peter Dransfield	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3	Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4	Employee Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5	Grant of options to Peter Dransfield (retrospective award)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 6	Grant of options to David Greek (retrospective award)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 7	Grant of Options to Craig Laundry (retrospective award)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

		For	Against	Abstain
Item 8	Grant of options to Andrew Jolliffe (retrospective award)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 9	Grant of options to Peter Dransfield (FY2010 award)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 10	Grant of options to David Greek (FY2010 award)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 11	Grant of options to Craig Laundry (FY2010 award)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 12	Grant of options to Andrew Jolliffe (FY2010 award)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date ____/____/____



**National Leisure &
Gaming Limited**

ABN 13 113 373 461

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

Dear Securityholder,

We have been trying to contact you in connection with matters arising from your securityholding in National Leisure & Gaming Limited. Unfortunately, our correspondence has been returned to us marked "Unknown at the current address". For security reasons we have flagged this against your securityholding which will exclude you from future mailings, other than notice of meeting.

We value you as a securityholder and request that you supply your current address so that we can keep you informed about our Company. Where the correspondence has been returned to us in error we request that you advise us of this so that we may correct our records.

You are requested to include the following;

- > Security Reference Number (SRN);
- > ASX trading code;
- > Name of company in which security is held;
- > Old address; and
- > New address.

Please ensure that the notification is signed by all holders and forwarded to our Share Registry at:

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne Victoria 3001
Australia

Note: If your holding is sponsored within the CHESS environment you need to advise your sponsoring participant (in most cases this would be your broker) of your change of address so that your records with CHESS are also updated.

Yours sincerely

Sarah Prince
Company Secretary