Proxy Form

Ainsworth Game Technology Limited
ABN 37 068 516 665

All correspondence to:
Computershare Investor Services Pty Limited
GPO Box 2975 Melbourne
Victoria 3001 Australia
Enquiries (within Australia) 1300 855 080
(outside Australia) 61 3 9615 5970
Facsimile 61 3 9611 5710
www.computershare.com

Mark this box with an 'X' if you have made any changes to your address details (see reverse)

000001

MR JOHN SMITH
FLAT 123
123 SAMPLE STREET
SAMPLEVILLE VIC 3030

AGI

Reference Number

I 1234567890 IND

Appointment of Proxy

I/We being a member/s of Ainsworth Game Technology Limited and entitled to attend and vote hereby appoint

the Chairman of the Meeting (mark with an 'X') **OR** Write here the name of the person you are appointing if this person **is someone other than** the Chairman of the Meeting.

or failing the person named, or if no person 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 Ainsworth Game Technology Limited to be held at the Rydges Hotel, 116 - 118 James Ruse Drive, RoseHill NSW on Tuesday 18 November 2003 at 11:00am and at any adjournment of that meeting.

IMPORTANT: FOR ITEMS 6, 7 AND 8 BELOW

If the Chairman of the Meeting is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote on Items 6 - 8 below, please place a mark in this box. By marking this box you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of those items and that votes cast by him, other than as proxy holder, would be disregarded because of that interest. 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 6 - 8 and your votes will not be counted in computing the required majority if a poll is called on these items. The Chairman of the Meeting intends to vote undirected proxies in favour of each of these items.

Voting directions to your proxy - please mark X to indicate your directions

		For	Against	Abstain*
Item 2.	Election of Mr LH Ainsworth as a Director			
Item 3.	Election of Mr JM Cowling as a Director			
Item 4.	Election of Mr AR Amer as a Director			
Item 5.	Election of Mr VB Matthews as a Director			
Item 6.	Issue Class 2 options to Mr DC Hall			
Item 7.	Issue options to Mr DC Hall			
Item 8.	Issue options to Mr J Kehoe			

In addition to the intention advised above, the Chairman of the Meeting intends to vote undirected proxies in favour of each of the other items of business.

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

PLEASE SIGN HERE

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

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name ______ Contact Daytime Telephone ______ Date / /

AGI 19PR

AGI_WIP_151406/000002/000008

How to complete the Proxy Form

1 Your Address

This is your address as it appears on the company's share register. If this information is incorrect, please mark the box and make the correction on the form. Securityholders sponsored by a broker (in which case your reference number overleaf will commence with an 'x') should advise your broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

2 Appointment of a Proxy

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

3 Votes on Items of Business

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

4 Appointment of a Second Proxy

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

To appoint a second proxy you must:

(a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.

(b) return both forms together in the same envelope.

5 Signing Instructions

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

Individual:	where the holding is in one name, the holder must sign.
Joint Holding:	where the holding is in more than one name, all of the securityholders should sign.
Power of Attorney:	to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.
Companies:	where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company's share registry.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below no later than 48 hours before the commencement of the meeting at 11:00am on Tuesday 18 November 2003. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged using the reply paid envelope or:

- by posting, delivery or facsimile to Ainsworth Game Technology Limited share registry at the address opposite, or
- by delivery to the Registered Office of Ainsworth Game Technology Limited being
  10 Holker Street
  Newington NSW 2127
  Australia

Ainsworth Game Technology Limited share registry
Computershare Investor Services Pty Limited
GPO Box 242
Melbourne Victoria 3001
Delivery : Level 2/60 Carrington Street, Sydney
Facsimile 61 2 8235 8220

AINSWORTH GAME TECHNOLOGY LIMITED
ABN 37 068 516 665

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY NOTES

Notice is given that the 2003 Annual General Meeting of the Members of Ainsworth Game Technology Limited (the "Company") will be held at the time and location and to conduct the business as specified below:

Date: Tuesday 18 November 2003
Time: 11.00am
Location: Rydges Hotel
116-118 James Ruse Drive
Rosehill, NSW 2142

ORDINARY BUSINESS

1. Financial Statements and Reports

To discuss the Company's financial report and reports of the directors' and auditors' in respect of the financial year ended 30 June 2003.

2. Election of Mr LH Ainsworth

Mr Len Ainsworth, being the Chairman and founder of the Company, retires as a director by rotation in accordance with Rule 7.1(f) of the Company's Constitution and, being eligible, offers himself for re-election.

Following recent changes in the board of the Company, Mr LH Ainsworth has agreed to resume the role of Executive Chairman of the Company. For full details of his appointment and experience, refer to the Explanatory Notes attached to this Notice.

3. Election of Mr J Cowling

Mr John Cowling retires as a director in accordance with Rule 7.1(d) of the Company's Constitution and, being eligible, offers himself for re-election.

Mr JM Cowling was appointed as a director to fill a casual vacancy and, as required, retires and seeks re-election. For full details of his appointment and experience, refer to the Explanatory Notes attached to this Notice.

4. Election of Mr A Amer

Mr Andrew Amer retires as a director in accordance with Rule 7.1(d) of the Company's Constitution and, being eligible, offers himself for re-election.

Mr Amer was appointed as a director to fill a casual vacancy and, as required, retires and seeks re-election. For full details of his appointment and experience, refer to the Explanatory Notes attached to this Notice.

5. Election of Mr V Matthews

Mr Vivian Matthews retires as a director in accordance with Rule 7.1(d) of the Company's Constitution and, being eligible, offers himself for re-election.

Mr V Matthews was appointed as a director to fill a casual vacancy and, as required, retires and seeks re-election. For full details of his appointment and experience, refer to the Explanatory Notes attached to this Notice.

SPECIAL BUSINESS

6. Issue of Class 2 Options to DC Hall

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

"That, for the purposes of Chapter 2E and section 200E of the Corporations Act and Listing Rule 10.11 of the Listing Rules of Australian Stock Exchange Limited, approval is given to the grant of 300,000 class 2 Options to David Capp Hall at the close of this meeting and on the terms described in the Explanatory Notes accompanying this Notice."

7. Issue of Options to DC Hall

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

"That, for the purposes of Chapter 2E and section 200E of the Corporations Act and Listing Rule 10.11 of the Listing Rules of Australian Stock Exchange Limited, approval is given to the grant of 300,000 Options to David Capp Hall at the close of this meeting and on the terms described in the Explanatory Notes accompanying this Notice."

8. Issue of Options to J Kehoe

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

"That, for the purposes of Chapter 2E and section 200E of the Corporations Act and Listing Rule 10.11 of the Listing Rules of Australian Stock Exchange Limited, approval is given to the grant of 300,000 Options to John Kehoe at the close of this meeting and on the terms described in the Explanatory Notes accompanying this Notice."

VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast:

(a) on the resolutions in items 6 and 7 by Mr David Capp Hall and any associate of Mr David Capp Hall; and

(b) on the resolution in item 8 by Mr John Kehoe and any associate of Mr John Kehoe.

However, the Company need not disregard a vote if:

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

(b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

DETERMINATION OF MEMBERSHIP AND VOTING ENTITLEMENT FOR THE PURPOSE OF THE MEETING

For the purpose of determining a person's entitlement to vote at the meeting, a person will be recognised as a member and the holder of ordinary shares in the capital of the Company if that person is registered as a holder of those shares at 5.00pm Sydney time on 14 November 2003.

NOTICE OF MEETING (continued)

PROXIES

Please note that:

(a) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of the member.

(b) Where the member is entitled to cast two (2) or more votes, the member may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

(c) If the member appoints two (2) proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of the votes.

(d) If the member appoints two (2) proxies, neither proxy may vote on a show of hands.

(e) A proxy need not be a member.

(f) Any instrument of proxy deposited or received at the registered office of the Company in which the name of the appointee is not filled in shall be deemed to be given in the favour of the chairman of the meeting to which it relates.

(g) To be effective the instrument appointing a proxy (and power of attorney or other authority, if any, under which it is signed or a certified copy of the power or authority) must be deposited at the registered office of the Company 10 Holker Street Newington NSW or be received by facsimile on facsimile number 61 2 9648 4327 not less than forty-eight (48) hours prior to the meeting, that is by 11.00am Sydney time on 16 November 2003. Alternatively, the instrument appointing a proxy may be sent to The Ainsworth Games Technology Limited Share Registry by mail to Computershare Investor Services Pty Limited, Level 3, 60 Carrington Street Sydney NSW 2000 or Reply Paid 242, Melbourne VIC 3001 Australia or by facsimile on facsimile number 61 2 8235 8220 not less than forty-eight (48) hours prior to the meeting, that is by 11.00am Sydney time on 16 November 2003.

A form of proxy accompanies this Notice.

By Order of the Board

ML Ludski
Company Secretary

Sydney
17th October 2003

EXPLANATORY NOTES

ITEMS 2, 3, 4 AND 5 - RE-ELECTION OF DIRECTORS

Rue 7.1(f) of the Company's Constitution (the "**Constitution**") requires that at the annual general meeting in every year one third of the directors of the Company (the "**Directors**"), or, if their number is not 3 or a multiple of 3, then the number nearest one third, must retire from office. Rule 7.1(i) of the Constitution provides that a retiring Director is eligible for re-election. The Managing Director and Directors appointed to fill casual vacancies are not to be taken into account when determining the number of directors to whom Rule 7.1(f) applies. The Directors who have been longest in office since their last election must retire, however, as between Directors that were elected on the same day, those to retire must be determined by lot, unless they otherwise agree between themselves.

For the purpose of the 2003 annual general meeting, two Directors, being Mr LH Ainsworth and Mr SL Wallis, are subject to rotation and accordingly one is required to retire. As both Directors were elected at the annual general meeting held on 25 November 2002, Messrs Ainsworth and Wallis have agreed amongst themselves that, in accordance with Rule 7.1(f), Mr LH Ainsworth retire from office. Mr LH Ainsworth has offered himself for re-election (Item 2).

Rule 7.1(d) of the Constitution requires that any director appointed to fill a casual vacancy, other than the managing director, only holds office until the next general meeting and must then retire from office. Messrs Cowling, Amer and Matthews, as directors, appointed to fill casual vacancies, retire from office and offer themselves for re-election (Items 3, 4 and 5).

A summary of each candidate's experience and qualifications appear below:

Mr Leonard Hastings Ainsworth

Age:
80 Years

Occupation:
Company Director

Academic and Professional Qualifications:
Fellow of the Australian Institute of Management and Australian Institute of Company Directors.

Business Experience:
Len Ainsworth is known throughout the worldwide gaming machine industry as having pioneered many of the major design and technical innovations incorporated in gaming machines over the past 47 years. He has long been acknowledged as an industry leader throughout Australia and is widely respected for the outstanding contribution he has made, especially for the contribution gaming machines have made to the financial success and standing of licensed clubs. In 1954, Len Ainsworth founded Aristocrat and made a significant contribution to building that company, which is now the second largest producer of gaming machines and gaming machines systems in the world today, and by far the largest in Australia.

In 1995 he was admitted to the Australian gaming industry's "Australian Hall of Fame" and to the gaming industry's "American Hall of Fame".

Mr John Michael Cowling

Age:
56 Years

Occupation:
Company Director

Academic and Professional Qualifications:
Fellow of Australian Institute of Management, Australian Institute of Company Directors and Institute of Chartered Accountants. Associate member of Securities Institute of Australia, Bachelor of Science (Economics) from University of Wales, United Kingdom.

Business Experience:
Twenty-five years general management experience in public and private sectors.

Former senior executive and board member of Burns, Philp & Company Limited and former CEO of Rail Infrastructure Corporation.

EXPLANATORY NOTES (continued)

Mr Andrew Richard Amer

Age:
52 Years

Occupation:
Company Director

Academic and Professional Qualifications:
Bachelor of Arts, Master of Science, Master of Business Administration and Diploma from Australian Institute of Company Directors. Fellow of Australian Institute of Company Directors.

Business Experience:
Over twenty years general management experience in senior executive positions in such diversified industries as chemicals, management consulting, finance and retail.

Currently Managing Director of Amoco Australia, part of the BP Group worldwide.

Mr Vivian Bernard Matthews

Age:
75 Years

Occupation:
Company Director

Academic and Professional Qualifications:
Fellow of the Institute of Chartered Accountants.

Business Experience:
Thirty years in public practice as a Chartered accountant.

Over twenty years experience in auditing gaming machine manufacturers and entities in the hospitality and club industries.

ITEM 6 – ISSUE OF CLASS 2 OPTIONS

(a) **Background**

On 21 August 2003, David Hall resigned as a Director. At the time of his resignation, David Hall held 300,000 class 2 Options. However, according to the terms of those class 2 Options, they all expired 30 days after his resignation as a Director. Accordingly, as the class 2 Options issued to David Hall on 18 December 2001 have expired, the board of the Company (the "**Board**") has proposed that, subject to obtaining shareholder approval, the Company grant 300,000 replacement class 2 Options to David Hall in recognition of the services provided to the Company during the initial public offering of ordinary shares in the Company ("**Shares**").

(b) **Corporations Act**

The proposed grant of class 2 Options to David Hall involves the provision of a "financial benefit" and a "retirement benefit" to a related party of the Company. Pursuant to Chapter 2E and section 200E of the Corporations Act 2001 (Cth) (the "**Act**"), the provision of such benefits are, as a general rule, prohibited unless prior shareholder approval is obtained. As no exception to the general rule applies, shareholder approval for the grant of the class 2 Options to David Hall is required for the purposes of Chapter 2E and section 200E of the Act.

The following information is provided to satisfy the requirements of Chapter 2E (in particular section 219) and section 200E of the Corporations Act:

(1) David Capp Hall is the related party of the Company to whom the financial benefit would be given.

(2) The nature of the financial benefit is the grant of 300,000 class 2 Options.

EXPLANATORY NOTES (continued)

(3) Messrs Ainsworth and Wallis recommend that the shareholders of the Company vote in favour of the resolution in item 6 as they consider that it is in the best interest of the Company to recognise the services provided by David Hall during the initial public offering of Shares. Messrs Cowling, Amer and Matthews do not believe that it is appropriate that they make any recommendation for or against the passing of the resolution due to the fact that they have only been recently appointed as directors.

(4) Messrs Ainsworth, Wallis, Cowling, Amer and Matthews do not have an interest in the outcome of the proposed resolution.

(5) If shareholders approve the grant of the class 2 Options to David Hall and all of the class 2 Options are exercised, the effect will be to dilute the shareholding of existing shareholders by 0.26% on an undiluted basis and 0.25% on a fully diluted basis (assuming the Options the subject to the resolutions in items 7 and 8 are granted). The market price for Shares during the term of the class 2 Options would normally determine whether or not David Hall exercises the class 2 Options. If, at any time any of the class 2 Options are exercised, the Shares are trading on Australian Stock Exchange Limited ("**ASX**") at a price which is higher than the exercise price of the class 2 Options, there may be a perceived cost to the Company.

(6) Over the last 12 months, the highest and lowest trading price of Shares on ASX was $0.84 on 26 August 2003 and $0.175 on 30 May 2003. The latest available trading price of Shares on ASX was $0.52 on 2 October 2003.

(7) The Company has ascertained the value of the class 2 Options to be issued to David Hall be approximately $50,000. The options were valued based on a Black Scholes model with the key parameters used in the valuation being a risk free rate in the range of 5.4% to 6.1% per annum, a volatility factor of 36% to 40% per annum, the exercise price, no dividends and an option term of five years.

(8) Additional information is set out in paragraph (c) below and throughout these Explanatory Notes. Shareholders should therefore read these Explanatory Notes in its entirety before making a decision as to how to vote in relation to the resolution in item 6.

(9) Other than all of the information specified in these Explanatory Notes, neither the directors nor the Company are aware of any other information that would be reasonably required by shareholders in order to decide whether or not it is in the Company's interest to pass the resolution in item 6.

(c) **Listing Rule 10.11**

Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities to a related party of the Company. David Hall is a "related party" for the purposes of the Listing Rules. Accordingly, shareholder approval for the grant of the class 2 Options to David Hall is required for the purposes of Listing Rule 10.11.

For the purposes of Listing Rule 10.13 and for all other purposes, the following information is provided:

(1) The name of the person to whom the class 2 Options will be issued:

David Capp Hall

(2) The number of class 2 Options to be issued:

300,000

(3) The date by which the Company will issue the class 2 Options:

18 November 2003

(4) A statement of the relationship between David Hall and the Company:

See the contents of Paragraph (a) above.

(5) The issue price of the class 2 Options:

Nil.

EXPLANATORY NOTES (continued)

(6) The terms of the issue of the class 2 Options:

(A) Issue Date and Vesting Date: 18 November 2003;

(B) Exercise Price: $1.00;

(C) Exercise Period: subject to (E) below, the class 2 Options may be exercised until the Expiry Date as follows:

(I) 75,000 class 2 Options will be capable of exercise on 18 November 2003 ("First Exercise Date");

(II) a further 75,000 class 2 Options will be capable of exercise on 18 December 2003 ("Second Exercise Date");

(III) a further 150,000 class 2 Options will be capable of exercise on 18 December 2004 ("Third Exercise Date");

(D) Entitlement: each class 2 Option entitles the holder to one Share for every class 2 Option held;

(E) Performance Hurdles: unless otherwise determined by the Company, before any class 2 Option can be exercised, the volume weighted average price ("**VWAP**"), being the price at which the Shares traded on the ASX on each of the most recent 20 trading days during the 60 days immediately preceding the relevant Exercise Date, must equal or exceed:

(I) on the First Exercise Date, $1.00;

(II) on the Second Exercise Date, $1.20; and

(III) on the Third Exercise Date, $1.40.

Subject to all class 2 Options being exercised before the Expiry Date, in the event that a Performance Hurdle is not met on the relevant Exercise Date, the Performance Hurdle will be taken to be satisfied on a cumulative basis so that if it is satisfied on any following Exercise Date, David Hall will be able to exercise class 2 Options for which the relevant Performance Hurdle had not been satisfied on or before any relevant previous Exercise Date;

(F) Expiry Date: 17 December 2006.

(7) The intended use of the funds raised through the grant of the class 2 Options:

No funds will be raised through the grant of the class 2 Options to David Hall.

ITEMS 7 AND 8 – ISSUE OF OPTIONS

(a) **Background**

On 21 August 2003, David Hall and John Kehoe resigned as Directors. At the time of their resignation, 300,000 Options had been issued to them under the Company's Directors Option Plan in accordance with approval received from shareholders at the 2002 annual general meeting of the Company held on 25 November 2002. However, according to the terms of Directors Option Plan, they all expired 30 days after their resignation as Directors. Accordingly, as the Options issued to David Hall and John Kehoe under the Directors Option Plan have expired, the Board has proposed that, subject to obtaining shareholder approval, the Company grant 300,000 replacement Options to each of David Hall and John Kehoe in recognition of the services provided to the Company.

EXPLANATORY NOTES (continued)

(b) **Corporations Act**

The proposed grant of Options to David Hall and John Kehoe involves the provision of a "financial benefit" and a "retirement benefit" to related parties of the Company. Pursuant to Chapter 2E and section 200E of the Corporations Act 2001 (Cth) (the "**Act**"), the provision of such benefits are, as a general rule, prohibited unless prior shareholder approval is obtained. As no exception to the general rule applies, shareholder approval for the grant of the Options to David Hall and John Kehoe is required for the purposes of Chapter 2E and section 200E of the Act.

The following information is provided to satisfy the requirements of Chapter 2E (in particular section 219) and section 200E of the Corporations Act:

David Capp Hall

(1) David Capp Hall is the related party of the Company to whom the financial benefit would be given.

(2) The nature of the financial benefit is the grant of 300,000 Options.

(3) Messrs Ainsworth and Wallis recommend that the shareholders of the Company vote in favour of the resolution in item 7 as they consider that it is in the best interest of the Company to recognise the services provided by David Hall. Messrs Cowling, Amer and Matthews do not believe that it is appropriate that they make any recommendation for or against the passing of the resolution due to the fact that they have only been recently appointed as directors.

(4) Messrs Ainsworth, Wallis, Cowling, Amer and Matthews do not have an interest in the outcome of the proposed resolution.

(5) If shareholders approve the grant of the Options to David Hall and all of the Options are exercised, the effect will be to dilute the shareholding of existing shareholders by 0.26% on an undiluted basis and 0.25% on a fully diluted basis (assuming the Options the subject to the resolutions in items 6 and 8 are granted). The market price for Shares during the term of the Options would normally determine whether or not David Hall exercises the Options. If, at any time any of the Options are exercised, the Shares are trading on ASX at a price which is higher than the exercise price of the Options, there may be a perceived cost to the Company.

(6) The Company has ascertained the value of the Options to be issued to David Hall be approximately $45,000. The options were valued based on a Black Scholes model with the key parameters used in the valuation being a risk free rate in the range of 5.4% to 6.1% per annum, a volatility factor of 36% to 40% per annum, the exercise price, no dividends and an option term of five years.

John Kehoe

(1) John Kehoe is the related party of the Company to whom the financial benefit would be given.

(2) The nature of the financial benefit is the grant of 300,000 Options.

(3) Messrs Ainsworth and Wallis recommend that the shareholders of the Company vote in favour of the resolution in item 8 as they consider that it is in the best interest of the Company to recognise the services provided by John Kehoe. Messrs Cowling, Amer and Matthews do not believe that it is appropriate that they make any recommendation for or against the passing of the resolution due to the fact that they have only been recently appointed as directors.

(4) Messrs Ainsworth, Wallis, Cowling, Amer and Matthews do not have an interest in the outcome of the proposed resolution.

(5) If shareholders approve the grant of the Options to John Kehoe and all of the Options are exercised, the effect will be to dilute the shareholding of existing shareholders by 0.26% on an undiluted basis and 0.25% on a fully diluted basis (assuming the Options the subject to the resolutions in items 6 and 7 are granted). The market price for Shares during the term of the Options would normally determine whether or not John Kehoe exercises the Options. If, at any time any of the Options are exercised, the Shares are trading on ASX at a price which is higher than the exercise price of the Options, there may be a perceived cost to the Company.

(6) The Company has ascertained the value of the Options to be issued to John Kehoe be approximately $45,000. The options were valued based on a Black Scholes model with the key parameters used in the valuation being a risk free rate in the range of 5.4% to 6.1% per annum, a volatility factor of 36% to 40% per annum, the exercise price, no dividends and an option term of five years.

Over the last 12 months, the highest and lowest trading price of Shares on ASX was $0.84 on 26 August 2003 and $0.175 on 30 May 2003. The latest available trading price of Shares on ASX was $0.52 on 2 October 2003.

Additional information is set out in paragraph (c) below and throughout these Explanatory Notes. Shareholders should therefore read these Explanatory Notes in its entirety before making a decision as to how to vote in relation to the resolutions in items 7 and 8.

Other than all of the information specified in these Explanatory Notes, neither the directors nor the Company are aware of any other information that would be reasonably required by shareholders in order to decide whether or not it is in the Company's interest to pass the resolutions in items 7 and 8.

(c) **Listing Rule 10.11**

Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities to a related party of the Company. David Hall and John Kehoe are "related parties" for the purposes of the Listing Rules. Accordingly, shareholder approval for the grant of the Options to David Hall and John Kehoe is required for the purposes of Listing Rule 10.11.

For the purposes of Listing Rule 10.13 and for all other purposes, the following information is provided:

David Capp Hall

(1) The name of the person to whom the Options are being issued:

David Capp Hall

(2) The number of Options to be issued:

300,000

(3) The date by which the Company will issue the Options:

18 November 2003.

(4) A statement of the relationship between David Hall and the Company:

See the contents of Paragraph (a) above.

(5) The issue price of the Options:

Nil.

John Kehoe

(1) The name of the person to whom the Options are being issued:

John Kehoe

(2) The number of Options to be issued:

300,000

(3) The date by which the Company will issue the Options:

18 November 2003

(4) A statement of the relationship between John Kehoe and the Company:

See the contents of Paragraph (a) above.

(5) The issue price of the Options:

Nil.

The terms of the issue of the Options to each of Messrs DC Hall and J Kehoe are as follows:

(A) Issue Date and vesting date: 18 November 2003;

(B) Exercise Price: $1.15;

(C) Exercise Period: subject to (E) below, the Options may be exercised until the Expiry Date as follows:

(I) 75,000 Options will be capable of exercise on 25 November 2003 ("First Exercise Date");

(II) a further 75,000 Options will be capable of exercise on 25 November 2004 ("Second Exercise Date");

(III) a further 150,000 Options will be capable of exercise on 25 November 2005 ("Third Exercise Date");

(D) Entitlement; each Option entitles the holder to one Share for every Option held;

(E) Performance Hurdles: unless otherwise determined by the Company, before any Option referred to in (C) can be exercised, the VWAP must equal or exceed:

(I) on the First Exercise Date, $1.15;

(II) on the Second Exercise Date, $1.38; and

(III) on the Third Exercise Date, $1.61.

(F) Expiry date 25 November 2007.