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**ALLOMAK LIMITED**  
**ABN 50 113 883 560**

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**NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 11.30am (AEDT)

**DATE:** 28 November 2008

**PLACE:** Elizabeth Room  
Royal Automobile Club  
89 Macquarie Street  
Sydney NSW 2000

***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 Mr David Franks, Joint Company Secretary on (612) 9419 2966.***



17 October 2008

Dear Shareholder

### **NOTICE OF ANNUAL GENERAL MEETING**

Allomak Limited (the **Company**) is convening its Annual General Meeting (**Meeting**) of shareholders on 28 November 2008 and we invite you to attend. The meeting will be held at Elizabeth Room, Royal Automobile Club, 89 Macquarie Street, Sydney NSW 2000 at 11.30am and will consider:

- The 2008 Annual Report.
- Adoption of the Remuneration Report as required by the *Corporations Act 2001* in a non-binding resolution. The Remuneration Report is contained in the 2008 Annual Report.
- Re-election of directors. Mr McLellan retires by rotation and Mr Sadler retires as appointed during the year and in accordance with the Company's Constitution are offering themselves for re-election.
- Ratification of past issues of shares under Listing Rule 7.4.
- Approval for future issue of shares for vendor consideration under Share Sale Agreements in relation to business acquisitions.
- Approval for future issue of shares under potential capital raising programs to allow the Board flexibility should this be considered to be in the best interest of shareholders.
- Proposed issue and allotment of options to directors

Attached to this letter is a Notice of General Meeting and an Explanatory Memorandum setting out details on each of the resolutions to be proposed at the Meeting.

If you are unable to attend the Meeting, I encourage you to vote using the Proxy Form, which is also enclosed. If you are able to attend, please bring this letter and package with you to facilitate your entitlement to vote. The Board recommends that you vote in favour of all resolutions, noting that for the resolutions on the issue of options to a related party, Hon John Anderson and Mr Sadler have refrained from making a recommendation in relation to Resolution 8 and 9 respectively due to a personal interest in the resolution.



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The Board looks forward to meeting those shareholders who can attend the Annual General Meeting in person. For those who are unable to attend, should you have any queries in relation to the Annual General Meeting or have any other matters you wish to discuss at any other time throughout the upcoming year, please do not hesitate to contact either of the Joint Company Secretaries either by phone or in writing.

**IMPORTANT NOTICE – AVAILABILITY OF 2008 ANNUAL REPORT**

Shareholders are reminded that the 2008 Annual Report is only mailed to those shareholders who have elected to receive it in hard copy. The 2008 Annual Report can be viewed on the Company's web site at [www.allomak.com](http://www.allomak.com).

Thank you for your continued support.

Yours sincerely

A handwritten signature in blue ink, appearing to read "A. Anthony McLellan", is written over a light blue rectangular background. A horizontal line is drawn below the signature, ending in a small arrowhead pointing to the right.

**A. Anthony McLellan**  
**Chairman**  
**Allomak Limited**

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Proxy Form (incorporating instructions for completing Appointment of Proxy Form)	Separate

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

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**VENUE**

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The Annual General Meeting of the Shareholders of Allomak Limited which this Notice of Meeting relates to will be held at 11.30am (AEDT), 28 November 2008 at:

Elizabeth Room  
Royal Automobile Club  
89 Macquarie Street  
Sydney NSW 2000

**YOUR VOTE IS IMPORTANT**

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

**VOTING IN PERSON**

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To vote in person, attend the Annual 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 proxy form enclosed with this Notice of Meeting as soon as possible and:

- (a) deliver the proxy form to Allomak Limited, c/- Registries Limited, Level 7, 207 Kent Street, Sydney NSW 2000 Australia
- (b) send the proxy form to Allomak Limited, c/- Registries Limited, GPO Box 3993, Sydney NSW 2001, Australia; or
- (b) send the proxy form by facsimile to the Company on facsimile number (612) 9279 0664.

so that it is received not later than 11.30am (AEDT), 26 November 2008.

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

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## **NOTICE OF ANNUAL GENERAL MEETING**

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Notice is given that the Annual General Meeting of Shareholders of Allomak Limited will be held at Elizabeth Room, Royal Automobile Club, 89 Macquarie Street, Sydney NSW 2000 at 11.30am (AEDT) on 28 November 2008.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual 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 Annual General Meeting are those who are registered Shareholders of the Company on 26 November 2008 at 7.00pm (AEDT).

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

### **AGENDA**

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## **BUSINESS**

### **ADOPTION OF THE ANNUAL FINANCIAL REPORT**

To receive the Annual Financial Report, including Directors' declarations and accompanying reports of the Directors and auditors for the financial year ended 30 June 2008.

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### **RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT**

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

*"That, for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, approval is given to the adoption of the Remuneration Report as contained in the Company's financial report for the year ended 30 June 2008."*

**Short Explanation:** The vote on this resolution is advisory only and does not bind the Directors or the Company.

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### **RESOLUTION 2 – RE-ELECTION OF DIRECTOR, MR ANTHONY MCLELLAN**

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

*"That, for all purposes, Mr Anthony McLellan, a director of the Company who retires by rotation in accordance with clause 15.3 of the Constitution and, being eligible, is re-elected as a Director of the Company."*

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### **RESOLUTION 3 – RE-ELECTION OF DIRECTOR, MR CHRIS SADLER**

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

*"That, for all purposes, Mr Chris Sadler, a director of the Company appointed under the casual vacancy and additional director provisions, retires in accordance with clause 15.1 of the Constitution and, being eligible, is re-elected as a Director of the Company."*

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### **RESOLUTION 4 – RATIFICATION OF ISSUE OF SHARES**

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

*"That for the purposes of Listing Rule 7.4 of the Listing Rules of ASX Limited, the previous issue of the following fully paid ordinary shares in the Company (**Shares**) details of which are set out in the Explanatory Memorandum accompanying the Notice of General Meeting convening this meeting, be ratified and approved:*

- (a) 254,043 Shares at an issue price of \$0.7475 per Share in connection with vendor consideration under a Share Sale Agreement, issued on 4 December 2007;*
- (b) 272,718 Shares at an issue price of \$0.9167 per Share in connection with vendor consideration under a Share Sale Agreement, issued on 13 June 2008;*
- (c) 552,706 Shares at an issue price of \$0.9972 per Share in connection with vendor consideration under a Share Sale Agreement, issued on 13 June 2008;*
- (d) 1,805,836 Shares at an issue price of \$0.54224 per Share in connection with vendor consideration under a Share Sale Agreement, issued on 13 June 2008;*
- (e) 575,399 Shares at an issue price of \$0.3725 per Share in connection with vendor consideration under a Share Sale Agreement, issued on 13 June 2008;*
- (f) 1,895,121 Shares at an issue price of \$0.8737 per Share in connection with vendor consideration under a Share Sale Agreement, issued on 13 June 2008; and*
- (g) 483,871 Shares at an issue price of \$0.31 per Share in connection with vendor consideration under a Share Sale Agreement, issued on 15 September 2008."*

**Short Explanation:** An equity issue can be ratified by shareholders in accordance with the Listing Rules. This allows the Company flexibility to issue securities in the future up to the threshold of 15% of its total ordinary shares in any 12 month period. Please refer to the Explanatory Statement for details.

**Voting Exclusion:** The Company will disregard any votes cast on this resolution by any person who participated in the issue of the Shares and any of their associates.

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## RESOLUTION 5 – ISSUE OF SHARES

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

*“That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue and allot up to 1,077,284 Shares at an issue price of \$0.55924 to Mr Gloss Pty Ltd on the terms 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 may obtain a benefit, except a benefit solely in the capacity of a security holder, if the Resolution is passed and any associates of those persons.

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## RESOLUTION 6 – ISSUE OF SHARES

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

*“That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue and allot up to 2,000,000 Shares at an issue price of \$0.33 to Panache Global Holdings Pty Ltd as trustee for the Panache Global Trust on the terms 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 may obtain a benefit, except a benefit solely in the capacity of a security holder, if the Resolution is passed and any associates of those persons.

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## RESOLUTION 7 – ISSUE OF SHARES

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

*“That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue and allot up to 25,000,000 Shares at an issue price of not less than 90% of the average market price of the Shares calculated over the last 5 days on which sales in the Shares were recorded before the date on which the issue is made on the terms 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 may obtain a benefit, except a benefit solely in the capacity of a security holder, if the Resolution is passed and any associates of those persons.

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## RESOLUTION 8 – GRANT OF OPTIONS TO THE HON JOHN ANDERSON

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To consider and, if thought fit, to pass, with or without amendment, 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 grant 250,000 Options to The Hon John Anderson (or his nominee) on the terms and conditions in the Explanatory Statement.”*

**Short Explanation:** The ASX Listing Rules require the Company to seek shareholder approval prior to the issue of securities to a related party. Under the Corporations Act, the provision of any financial benefit (which includes the grant of options), requires shareholder approval pursuant to the related party provisions (Part 2E). Hon John Anderson, a non executive Director, is a related party of the Company by virtue of the fact that he is a director.

**Voting Exclusion:** The Company will disregard any votes cast on this resolution by the Hon John Anderson and any associate of the Hon John Anderson. Where a voting exclusion applies, 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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## RESOLUTION 9 – GRANT OF OPTIONS TO MR CHRIS SADLER

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To consider and, if thought fit, to pass, with or without amendment, 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 grant 250,000 Options to Mr Chris Sadler (or his nominee) on the terms and conditions in the Explanatory Statement.”*

**Short Explanation:** The ASX Listing Rules require the Company to seek shareholder approval prior to the issue of securities to a related party. Under the Corporations Act, the provision of any financial benefit (which includes the grant of options), requires shareholder approval pursuant to the related party provisions (Part 2E). Mr Sadler, a non executive Director, is a related party of the Company by virtue of the fact that he is a director.

**Voting Exclusion:** The Company will disregard any votes cast on this resolution by Mr Sadler and any associate of Mr Sadler. Where a voting exclusion applies, 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: 17 October 2008**

**BY ORDER OF THE BOARD**

A handwritten signature in black ink, appearing to read 'D Franks', with a long horizontal flourish extending to the right.

**ALLOMAK LIMITED  
MR DAVID FRANKS  
JOINT COMPANY SECRETARY**

**Voting Exclusion Note:** Where a voting exclusion applies, 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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## **EXPLANATORY STATEMENT**

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This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the Annual General Meeting to be held at 11.30am (AEDT), 28 November 2008 at:

Elizabeth Room  
Royal Automobile Club  
89 Macquarie Street  
Sydney NSW 2000

This 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 ADOPTION OF THE ANNUAL FINANCIAL REPORT**

In accordance with the Company's Constitution, the business of the meeting will include receipt and consideration of the Company's Financial Report and reports of Directors and Auditors for the year ended 30 June 2008.

In accordance with the Corporations Act 2001, shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on the Financial Report.

During the discussion of this item, the Company's auditor will be present and will answer qualifying questions.

*Written questions for the auditor*

If you would like to submit a written question to the Company's auditor, please post your question to the Company Secretary or fax it to (612) 9419 2944. Written questions must relate to the content of the auditor's report to be considered at the Annual General Meeting or the conduct of the audit. A list of qualifying questions will be addressed at the Annual General Meeting.

Please note that all questions must be received at least five business days before the Annual General Meeting; that is by no later than 11.30am on 21 November 2008.

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### **2 RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT**

At a listed company's Annual General Meeting, a resolution that the Remuneration Report be adopted must be put to the Shareholders. The vote on this resolution is advisory only and does not bind the Directors or the Company.

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### **3 RESOLUTION 2 - RE-ELECTION OF DIRECTOR, MR ANTHONY MCLELLAN**

Clause 15.3 of the Constitution requires that if the Company has three or more Directors, one third of those Directors (rounded down to the nearest whole number) must retire at each Annual General Meeting.

The Company currently has four Directors, one of whom retires as appointed under the casual vacancy and additional director provisions of the Constitution and one who is the Managing Director and is exempted under clause 18.1. Accordingly one Director must retire. A Director who retires under clause 15.3 is eligible for re-election.

Mr Anthony McLellan will retire by rotation and seeks re-election.

Mr McLellan is Chairman of Norton Gold Fields Ltd and, until recently, was Chairman of Bemax Resources Limited. He was also previously a Director of Felix Resources Limited, President and CEO of the predecessor of Barrick Gold, and President of LJ Hooker Corporation in America. Mr McLellan is currently also a Director of The Menzies Research Centre Limited. Mr McLellan is active in social causes, having recently resigned as Chairman of Habitat for Humanity Australia Incorporated; and he remains a Director of Opportunity International Australia Limited.

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### **4 RESOLUTION 3 - RE-ELECTION OF DIRECTOR, MR CHRIS SADLER**

Clause 15.1 of the Constitution requires that any director appointed to fill a casual vacancy or as an addition to the Board, holds office under the next Annual General Meeting and is then eligible for re-election.

Mr Chris Sadler will retire at the Annual General Meeting and seeks re-election.

Mr Sadler has twenty years' experience in investment banking, working in the United States, Europe, and Asia Pacific. He has an extensive track record of leading major mergers & acquisitions and corporate restructurings including equity and debt financings. He is a director of Mitre 10 Australia, Gloucester Coal Limited, Austock Group Limited, Chairman of the Asia Pacific region for the Alpha organisation, Alpha International in London and Alpha boards in China, India, Indonesia, and Japan. Mr Sadler has an MBA from the University of Rochester New York and has studied at the Victoria University of Wellington New Zealand.

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### **5 RESOLUTION 4 – RATIFICATION OF ISSUE OF SHARES**

#### **5.1 Background**

As announced to the market on 6 December 2007, 16 June 2008 and 15 September 2008, the Company issued shares in connection with vendor consideration under a Share Sale Agreement (**Vendor Placement**). The Vendor Placement was made under Listing Rule 7.1 to various parties.

## 5.2 ASX Listing Rules

ASX Listing Rule 7.1 requires that a listed company obtain shareholder approval prior to the issue of securities representing more than 15% of the issued capital of that company in any 12 month period.

ASX Listing Rule 7.4.2 sets out an exception to ASX Listing Rule 7.1. This rule provides that where a company in general meeting ratifies the previous issue of securities made without approval under ASX Listing Rule 7.1, those securities shall be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

Shareholder ratification for the issue of the Vendor Placement set out in Section 5.1 is now sought pursuant to ASX Listing Rule 7.4 to reinstate the Company's capacity to issue up to 15% of its issued capital, if required, in the next 12 months without shareholder approval.

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

- (a) 254,043 Shares were issued to STEPHEN DOUGLAS BROWN at an issue price of \$0.7475 per Share in connection with vendor consideration under a Share Sale Agreement in relation to the purchase of the Diesel Test business. The Shares issued on 4 December 2007 were fully paid ordinary shares in the capital of the Company;
- (b) 136,539 Shares were issued to each of JOCELYN MCGILLIVRAY and LACHLAN MCGILLIVRAY at an issue price of \$0.9167 per Share in connection with vendor consideration under a Share Sale Agreement in relation to the purchase of the KT Cables business. The Shares issued on 13 June 2008 were fully paid ordinary shares in the capital of the Company;
- (c) 552,706 Shares were issued to STEPHEN DOUGLAS BROWN at an issue price of \$0.9972 per Share in connection with vendor consideration under a Share Sale Agreement in relation to the purchase of the Diesel Test business. The Shares issued on 13 June 2008 were fully paid ordinary shares in the capital of the Company;
- (d) 1,805,836 Shares were issued to YERRUS HOLDINGS PTY LTD AS TRUSTEE FOR THE SURREY PANELS PENSION FUND at an issue price of \$0.54224 per Share in connection with vendor consideration under a Share Sale Agreement in relation to the purchase of the Surry Panels business. The Shares issued on 13 June 2008 were fully paid ordinary shares in the capital of the Company;
- (e) 575,399 Shares were issued to S-CARGOT PTY LTD AS TRUSTEE FOR THE LITTLE DRAGONS TRUST at an issue price of \$0.3725 per Share in connection with vendor consideration under a Share Sale Agreement in relation to the purchase of Perth Brake Parts business. The Shares issued on 13 June 2008 were fully paid ordinary shares in the capital of the Company;

(f) 1,895,121 Shares were issued to the following parties at an issue price of \$0.8737 per Share in connection with vendor consideration under a Share Sale Agreement in relation to the purchase of the LP Gas business. The Shares issued on 13 June 2008 were fully paid ordinary shares in the capital of the Company

- 530,634 Shares to AREFAM INVESTMENTS PTY LTD AS TRUSTEE FOR THE AREFAM EQUITY TRUST
- 530,634 Shares to BRELISE PTY LTD AS TRUSTEE FOR THE BRELISE EQUITY TRUST
- 530,634 Shares to DUBBELD INVESTMENTS PTY LTD AS TRUSTEE FOR THE DUBBELD SUPERANNUATION FUND
- 189,512 Shares to CLEVE GROVE NOMINEES ATF B L SIMMS FAMILY TRUST
- 75,805 Shares to ASHLEY FARRUGIA
- 37,902 Shares to JF & CG VANDER REYDEN PT LTD ATF VAN DER REYDEN FAMILY TRUST; and

(g) 483,871 Shares were issued to NOWA PTY LTD AS TRUSTEE FOR THE GOLDING PROPERTY TRUST at an issue price of \$0.31 per Share in connection with vendor consideration under a Share Sale Agreement in relation to the purchase of the Alanco business. The Shares, issued on 15 September 2008 were fully paid ordinary shares in the capital of the Company.

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## 6 RESOLUTION 5 – ISSUE OF SHARES

Resolution 5 seeks Shareholder approval for the allotment and issue of up to 1,077,284 Shares at an issue price of \$0.55924 to Mr Gloss Pty Ltd (**Placement**).

Shareholder approval is required pursuant to Listing Rule 7.1.

### 6.1 Listing Rules

Listing Rule 7.1 prohibits a listed company from issuing, during any 12 month period, any equity securities or other securities with rights of conversion to equity (including an Option) if the number of those securities exceeds 15% of its issued capital, unless an exception applies or the issue has the prior approval of Shareholders in general meeting.

The Company is seeking shareholder approval for the proposed Placement under Resolution 5. The effect of this Resolution will be to permit the Directors to issue the Placement securities at any time within 3 months of the General Meeting (or a longer period if approved by ASX) without impacting the Company's 15% capacity.

Listing Rule 7.3 requires the following information be provided to Shareholders when seeking approval for the purposes of Listing Rule 7.1:

- (a) the maximum number of securities to be issued under the Share Placement is 1,077,284;
- (b) the Share Placement securities will be issued no later than three (3) months after the date of the Annual General Meeting (or a longer period if

approved by ASX) and it is intended that allotment will occur on the same date;

- (c) the Shares will be issued at a price of \$0.55924;
  - (d) the Shares will be issued in connection with vendor consideration under a Share Sale Agreement in relation to the purchase of the Mr Gloss Holdings Pty Limited business;
  - (e) the Shares will rank equally with the Company's then issued Shares; and
  - (f) no funds will be raised from the issue of Share Placement securities and are being issued in relation to the purpose noted in (d) above.
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## **7 RESOLUTION 6 – ISSUE OF SHARES**

Resolution 6 seeks Shareholder approval for the allotment and issue of up to 2,000,000 Shares at an issue price of \$0.33 to Panache Global Holdings Pty Ltd as trustee for the Panache Global Trust (**Placement**).

Shareholder approval is required pursuant to Listing Rule 7.1.

### **7.1 Listing Rules**

Listing Rule 7.1 prohibits a listed company from issuing, during any 12 month period, any equity securities or other securities with rights of conversion to equity (including an Option) if the number of those securities exceeds 15% of its issued capital, unless an exception applies or the issue has the prior approval of Shareholders in general meeting.

The Company is seeking shareholder approval for the proposed Placement under Resolution 6. The effect of this Resolution will be to permit the Directors to issue the Placement securities at any time within 3 months of the General Meeting (or a longer period if approved by ASX) without impacting the Company's 15% capacity.

Listing Rule 7.3 requires the following information be provided to Shareholders when seeking approval for the purposes of Listing Rule 7.1:

- (a) the maximum number of securities to be issued under the Share Placement is 2,000,000;
- (b) the Share Placement securities will be issued no later than three (3) months after the date of the Annual General Meeting (or a longer period if approved by ASX) and it is intended that allotment will occur on the same date;
- (c) the Shares will be issued at a price of \$0.33;
- (d) the Shares will be issued in pursuant to a Master Licence Agreement between Jetstream Systems Pty Ltd (as licensor) and Allomak Technology Holdings Pty Ltd (as licensee);
- (e) the Shares will rank equally with the Company's then issued Shares; and

- (f) no funds will be raised from the issue of Share Placement securities and are being issued in relation to the purpose noted in (d) above.
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## 8 RESOLUTION 7 – ISSUE OF SHARES

Resolution 7 seeks Shareholder approval for the allotment and issue of up to 25,000,000 Shares at an issue price of not less than 90% of the average market price of the Shares calculated over the previous 5 days on which sales in the Shares were recorded before the day on which the issue is made (**Share Placement**).

Although the Company does not have any present intention, if market conditions determine that it is in the best interest of shareholders to undertake such a capital raising, the proposed resolution will provide the Company with the flexibility to undertake the raising.

Shareholder approval is required pursuant to Listing Rule 7.1.

### 8.1 Listing Rules

Listing Rule 7.1 prohibits a listed company from issuing, during any 12 month period, any equity securities or other securities with rights of conversion to equity (including an Option) if the number of those securities exceeds 15% of its issued capital, unless an exception applies or the issue has the prior approval of Shareholders in general meeting.

The Company is seeking shareholder approval for the proposed Placement under Resolution 7. The effect of this Resolution will be to permit the Directors to issue the Placement securities at any time within 3 months of the General Meeting (or a longer period if approved by ASX) without impacting the Company's 15% capacity.

Listing Rule 7.3 requires the following information be provided to Shareholders when seeking approval for the purposes of Listing Rule 7.1:

- (a) the maximum number of securities to be issued under the Share Placement is 25,000,000;
- (b) the Share Placement securities will be issued no later than three (3) months after the date of the Annual General Meeting (or a longer period if approved by ASX) and it is intended that allotment will occur on the same date;
- (c) the Shares will be issued at a price of not less than 90% of the average market price of the Shares calculated over the last 5 days on which sales in the Shares were recorded before the day on which the Share Placement issue is made;
- (d) it is intended that the Shares will be issued for the following:
  - i. working capital purposes
  - ii. in connection with vendor consideration under historic Share Sale Agreement in relation to the purchase of businesses within the Allomak business model, including but not limited to purchase price adjustments in those agreements

- iii. in connection with vendor consideration under future Share Sale Agreement in relation to the purchase of businesses within the Allomak business model.

The Shares will not be issued to related parties;

- (e) the Shares will rank equally with the Company's then issued Shares; and
- (f) funds raised from the issue of Share Placement securities will be used for working capital purposes or for the purpose outlined in (d) above.

## 9 RESOLUTION 8 AND 9 – GRANT OF OPTIONS TO DIRECTORS

### 9.1 Background

The Company has Service Agreements entered into between the Company and each of the Hon John Anderson (Non-Executive Director) and Mr Chris Sadler (Non-executive Director) (together, the **Related Parties**).

The Company has proposed to grant Options to the following directors in the following amounts:

Director	Number of Options	Exercise Price	Expiry Date
Hon J Anderson	250,000	\$0.40	28 November 2013
Mr C Sadler	250,000	\$0.40	28 November 2013

The Options are also subject to vesting conditions, which are described below.

Approval is being sought to grant Options to the Related Parties to secure the ongoing commitment of the Directors to the continued growth of the Company.

The above approvals are sought for the purposes of:

- (i) Chapter 2E of the Corporations Act 2001, which governs the giving of financial benefits to directors and other "related parties" of a company; and
- (ii) ASX Listing Rule 10.11 which provides that, subject to certain exceptions, a company listed on ASX cannot issue or grant securities to a director without shareholder approval.

It is the opinion of the Board that this grant of Options will ensure as far as is practically possible that the relevant individuals responsible for driving the development of the Company over the next several years will be fully committed to the achievement of its key milestones. The Directors' active involvement in the execution of the Company's business plan over the next few years is regarded as critical to the future success of the Company. Accordingly, Shareholder approval is now being sought to grant Options to the Directors on the terms outlined.

## 9.2 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. Section 208 of the Corporations Act prohibits a public company giving a financial benefit to a related party unless one of a number of exceptions applies.

A "financial benefit" is defined in the Corporations Act in broad terms and includes a public company issuing securities.

For the purposes of this meeting, a "related party" includes a director of the Company. Accordingly, the proposed grant of Options to the Related Parties involves the provision of a financial benefit to a related party of the Company.

Where no exception is applicable (as is the case in these circumstances), Section 208 of the Corporations Act provides that for a public company to give a financial benefit to a related party of that company, the public company must:

- (a) obtain the approval of members in the way set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months after the approval is obtained.

In accordance with the requirements of Sections 217 to 227 of the Corporations Act, the following information is provided to allow shareholders to assess the proposed grant of the Options to the Related Parties:

- (i) the related parties to whom the financial benefits will be given are Hon John Anderson and Mr Chris Sadler;
- (ii) the maximum number of Options (being the nature of the financial benefit being provided) to be granted to the Related Parties is 500,000, which comprises 250,000 Options to each of Hon John Anderson and Mr Chris Sadler;
- (iii) the Options will be granted for no consideration and otherwise on the terms and conditions set out in Section 9.4 below. Please note that the options have an exercise price as set out in Section 9.4 below;
- (iv) as at the date of this Notice, the annual remuneration (inclusive of superannuation where applicable) payable to the Related Parties is set out below:

Person	Remuneration
Hon J Anderson	\$67,500
Mr C Sadler	\$67,500

- (v) during the previous financial year ended 30 June 2008, the remuneration (inclusive of superannuation where applicable) paid to the Related Parties is set out below:

<b>Person</b>	<b>Remuneration</b>
Hon J Anderson	\$40,908
Mr C Sadler	\$20,476

- (vi) as at the date of this Notice, the Related Parties have notifiable interests in the securities of the Company as set out below:

<b>Person</b>	<b>Shares</b>	<b>Listed Options</b>	<b>Unlisted Options</b>
Hon J Anderson	30,000	0	0
Mr C Sadler	0	0	0

- (vii) other than as set out above, the Related Parties receive no other emoluments from the Company;
- (viii) if Shareholders approve the grant of Options to the Related Parties and all of their Options are exercised, the effect will be to dilute the shareholding of existing Shareholders by approximately 0.37% (based on the number of Shares currently on issue and assuming no other options are exercised);
- (ix) the market price for Shares during the term of the Options would normally determine whether or not the Options are exercised. If, at the time any of the Options are exercised, the Shares are trading on ASX at a price that is higher than the exercise price of the Options, there may be a perceived cost to the Company. In the 12 months before the date of this Notice, the highest, lowest and last trading price of Shares on ASX are as set out below:

Highest	\$1.09 on 2 January 2008
Lowest	\$0.28 on 3 October 2008
Last	\$0.295 on 3 October 2008

- (x) the ASIC in reviewing documents lodged under Section 218 of the Corporations Act relating to the giving of financial benefits to related parties of public companies requires explanatory information regarding the value of the options proposed to be granted. The value of the Options and the pricing methodology is set out in Section 9.3 below; and
- (xi) Hon J Anderson and Mr Sadler decline to make a recommendation to Shareholders in relation to resolutions 9 and 10 due to their material personal interest in the outcome of the relevant Resolutions. All other Directors (with respect to Resolutions that they do not have a material personal interest in) recommend that Shareholders vote in favour of resolutions 9 and 10 as they are of the view that the issue of Options to the Related Parties is an appropriate form of remuneration to provide them with an incentive to maximise returns to Shareholders. The Directors are 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 Resolutions.

### 9.3 Valuation of Options

The Options have been valued by Stanton International Securities Pty Ltd using the Binomial pricing model and based upon the following assumptions:

- (i) the valuation date for the Options is 3 October 2008, although the Options will not be granted until the Company has approved the grant of the Options. The Options vest under the following conditions:
  - (a) 50% of the Options on 28 November 2009 (Tranche A); and
  - (b) 50% of the Options on 28 November 2010 (Tranche B);
- (ii) the price of a fully paid Share as quoted on ASX is based the price at 3 October 2008, being \$0.30;
- (iii) the exercise price of the Options is \$0.40;
- (iv) the Options expire at 5:00pm (AEDT) on 28 November 2013;
- (v) a risk free rate of 6.50%;
- (vi) a volatility rate of 80% has been applied taking into account trades over the last four months, the current share price being the lowest share price over the last 9 months, the length of the Options, the general market decline and the general prospectivity rating to the Company's business activities, and in addition considering the following factors:
  - (a) the Shares have traded in a range of 29 cents to 109 cents between 1 January 2008 to 3 October 2008 for a volatility of 275%;
  - (b) the company has significantly increased its business operations in the last 12 months, with a increased dividend yield based on its current share price. The current dividend yield is approximately 10.66% based on share price of 30 cents;
  - (c) vast majority of shares have been effected by the fall in the stock market over the past four months;
  - (d) the Shares have traded in a range of 29 cents to 40 cents between over past four months for a volatility of 38%; and
  - (e) it is common for small cap industry companies to have volatilities in the range of 50% to 100% although some company's shares have substantially different volatilities.
- (vii) the Options will not be listed on ASX and a discount of 20% has been applied for this factor; and
- (viii) the valuation noted below are not necessarily the market price that Options could be traded at and it is not automatically the market prices for taxation purposes.

Based on the above assumptions, the values of each Option to be granted to the Related Parties is approximately 9.22 cents:

Accordingly, the total value of the Options to be granted to the Related Parties, vesting over three years, is as follows:

Person	Value
Hon J Anderson	\$23,050
Mr C Sadler	\$23,050

#### Sensitivities

Using the following volatility factors, based on the above assumptions, the values of each Option to be granted to the Related Parties is approximately:

Volatility	Value per Option (Cents)
50%	4.99
100%	11.56
125%	13.92

## 9.4 Terms of Options

The philosophy behind the issue of options to directors is to:

- attract and retain the option holder within the Company; and
- incentivise the option holder's performance.

Each Option will entitle the holder to subscribe for one Share in the Company on the following terms:

- subject to paragraph (b), the Options may be exercisable at any time prior to 5:00pm AEDT on 28 November 2013 (**Expiry Date**). Options not exercised on or before the Expiry Date will automatically lapse;
- the Options vest as follows:
  - 50% of the Options on 28 November 2009 (Tranche A); and
  - 50% of the Options on 28 November 2010 (Tranche B);

With the Director required to be an employee or Director of the Company at the time of vesting, it is noted that in the event of a takeover, Section 9.4(j) applies automatically whether the employee or Director continues in those capacities or not.

- the exercise price of each Option is \$0.40;
- the Options may be exercised wholly or in part by completing an application form for Shares (**Notice of Exercise**) delivered to the Company's share registry and received by it any time prior to the Expiry Date;
- upon the exercise of an Option and receipt of all relevant documents and payment, the holder will be allotted and issued a Share ranking pari passu

with the then issued Shares. The Company will apply to ASX to have the Shares granted Official Quotation. The Options will not be listed on ASX;

- (f) there will be no participating entitlement inherent in the Options to participate in the new issues of capital which may be offered to Shareholders during the currency of the Options. Prior to any new pro rata issue of securities to Shareholders, holder of Options will be notified by the Company in accordance with the requirements of the ASX Listing Rules;
- (g) in the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2;
- (h) in the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the expiry date, all rights of an Option holder are to be changed in a manner consistent with the ASX Listing Rules;
- (i) Shares issued pursuant to the exercise of an Option will be issued not more than 14 days after the date of the Notice of Exercise; and
- (j) in the event of a takeover under Chapter 6 of the Corporations Act (Takeover) all Options shall vest immediately and the Optionholder shall have the right to elect to convert the Options into fully paid ordinary shares at the highest takeover price (as adjusted from time to time) and the Options shall convert into the number of Shares calculated as follows:

(Takeover Price less Option Exercise Price) times Number of Options divided by Takeover Price.

## **9.5 ASX Listing Rule 10.11**

ASX Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities (including an option) to a related party. Hon John Anderson and Mr Sadler are considered related parties of the Company by virtue of the fact that they are Directors of the Company.

Approval pursuant to Listing Rule 7.1 is not required in order to grant the Options to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. The grant of the Options will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

ASX Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting proposing an approval under ASX Listing Rule 10.11. The following information is provided to Shareholders for the purposes of Listing Rule 10.13:

- (i) the maximum number of Options to be issued is 500,000 as follows:
  - (a) 250,000 Options to Hon John Anderson; and
  - (b) 250,000 Options to Mr Chris Sadler.
- (ii) the Options will be issued no later than one (1) month from the date of approval of the resolutions (or such later date as approved by ASX) and it is anticipated that the Options will be issued on one date;

- (iii) the terms and conditions of the Options are set out in Section 9.4 above;
  - (iv) the Shares issued upon exercise of the Options will rank equally in all respects with the Company's existing issued Shares;
  - (v) the Options are being granted in accordance with the Service Agreements entered into between the Company and each of the Related Parties. The Options will be granted free as consideration for performance of work, both previously and into the future by the Related Parties for the Company and to secure the ongoing commitment of the Related Parties to the continued growth of the Company.
-

## GLOSSARY

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

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

**ASX** means ASX Limited (ABN 98 008 624 691).

**Board** means the board of Directors of the Company as constituted from time to time.

**Company** or **Allomak** means Allomak Limited (ABN 50 113 883 560).

**Constitution** means the Constitution of the Company.

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

**Directors** mean the directors of the Company.

**AEDT** means Australian Eastern Daylight Time, Sydney, New South Wales.

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

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

**Notice** means the notice of meeting, which forms part of this Memorandum.

**Option** or **Options** means an option to acquire a fully paid ordinary share in the capital of the Company.

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

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

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

**PROXY FORM**

**Annual General Meeting 28 November 2008**

**Appointment of Proxy**

If appointing a proxy to attend the Annual General Meeting on your behalf, please complete the form and submit it in accordance with the directions on the reverse of the page.

I/We being a shareholder/shareholders of the Company pursuant to my/our right to appoint not more than two proxies, 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 him/her

Write here the name of the other person you are appointing.

or failing him/her, (or if no proxy is specified above), the Chairman of the meeting, as my/our proxy to act generally at the meeting and to vote for me/us and on my/our behalf at the Annual General Meeting to be held at **Elizabeth Room, Royal Automobile Club, 89 Macquarie Street, Sydney NSW 2000** on **28 November 2008**, at **11:30 am** and at any adjournment of that meeting.

This proxy is to be used in respect of \_\_\_\_\_ % of the ordinary shares I/we hold.



If the Chair of the 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 a resolution, please place a mark in the box. By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by the Chair of the meeting for those resolutions 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 the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution. The Chair intends to vote 100% of all open proxies in favour all resolutions noted below.

**Voting directions to your proxy – please mark  to indicate your directions**

RESOLUTION	For	Against	Abstain*
1. Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of Mr Anthony McLellan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Re-election of Mr Chris Sadler	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4(a). Ratification of Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4(b). Ratification of Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4(c). Ratification of Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4(d). Ratification of Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4(e). Ratification of Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4(f). Ratification of Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4(g). Ratification of Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Grant of Options to the Hon John Anderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Grant of Options to Mr Chris Sadler	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\* 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.

*Executed in accordance with section 127 of the Corporations Act:*

**Individual or Shareholder 1**

**Joint Shareholder 2**

**Joint Shareholder 3**




**Sole Director & Sole Company Secretary**

**Director**

**Director / Company Secretary**

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2008

**Contact Name**

**Contact Business Telephone / Mobile**

## INSTRUCTIONS FOR COMPLETING PROXY FORM

1. Your pre-printed name and address is as it appears on the share register of the Company. If you are Issuer Sponsored and this information is incorrect, make the correction on the form, sign it and return it to us. Securityholders sponsored by a broker on the CHESSE subregister should advise their broker of any changes. Please note, you cannot change ownership of your securities using this form.
2. Completion of a proxy form will not prevent individual shareholders from attending the Meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Meeting.
3. A shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment do not specify this proportion, each proxy may exercise half of the votes.
4. A proxy need not be a shareholder of the Company.
5. If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.
6. If a representative of a company shareholder is to attend the Meeting, a properly executed original (or certified copy) of the appropriate "Certificate of Appointment of Corporate Representative" should be produced for admission to the Meeting. Previously lodged "Certificates of Appointment of Corporate Representative" will be disregarded by the Company.
7. If a representative as Power of Attorney of a shareholder is to attend the meeting, a properly executed original (or originally certified copy) of an appropriate Power of Attorney should be produced for admission to the Meeting. Previously lodged Powers of Attorney will be disregarded by the Company.

### 8. 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 shareholders should sign.
- Power of Attorney:** If you are signing under a Power of Attorney, you must lodge an original or certified photocopy of the appropriate Power of Attorney with your completed Proxy Form.
- 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.

### 9. Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address below not later than 11:30 am on 26 November 2008 (48 hours before the commencement of the meeting). Any Proxy Form received after that time will not be valid for the scheduled meeting.

#### Hand deliveries

**Registries Limited**  
Level 7  
207 Kent Street  
Sydney NSW 2000

#### Postal address:

**Registries Limited**  
GPO Box 3993  
Sydney NSW 2001

#### Fax number:

**(02) 9279 0664**