

CREATABLE MEDIA LIMITED

ABN 71 099 247 408

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of members of Creatable Media Limited (Company) will be held at the Radisson Plaza Hotel, Cnr Pitt & O'Connell Street, Sydney, New South Wales 2000 at 10am on Thursday 1 September 2005.

Terms used in this Notice, including in the resolutions set out below, have the meanings ascribed to those terms in section 8 of the Explanatory Statement which accompanies and forms part of this Notice of Meeting.

BUSINESS OF THE MEETING

Resolution – Convertible Note Deed

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

"that for the purposes of item 7 of Section 611 of the Corporations Act, Listing Rules 7.1, 7.4 and 10.11 and all other purposes, approval is given for conditional terms of the Convertible Note Deed to become operative and, in particular, for the Company to perform such obligations under the terms of the Convertible Note Deed including, without limitation:

- (a) by allotting and issuing to Hawkesbridge and HET in equal proportions 2,666,192 secured convertible notes at an issue price of \$1.00 each on the terms and conditions of the Convertible Note Deed including the ability for the noteholder to convert notes into fully paid ordinary shares in the Company over the four years from the Completion Date at an issue price per share of the lower of 2 cents per share and a 10% discount to the volume weighted average price of the Company's shares for the 30 day period immediately prior to conversion;*
- (b) by granting to Hawkesbridge and HET in equal proportions an option giving them the right, but not the obligation, to subscribe for up to a maximum of 500,000 secured convertible notes at an issue price of \$1.00 each on the terms and conditions of the Convertible Note Deed;*
- (c) by allotting and issuing to Hawkesbridge and HET in equal proportions and at an issue price of \$1.00 each, such further number, up to a maximum of 500,000, of secured convertible notes as they elect to subscribe for on the terms and conditions of the Convertible Note Deed;*
- (d) if and to the extent that convertible notes are converted at the election of the holder from time to time, by allotting and issuing to Hawkesbridge and HET on conversion of notes such number of fully paid ordinary shares in the Company calculated in accordance with the terms set out in the Convertible Note Deed;*
- (e) by subsequently approving the allotment and issue to Hawkesbridge and HET in equal proportions on 15 July 2005 of 1,667,468 fully paid ordinary shares in the Company at an issue price of 2 cents per Share in accordance with the terms of the Convertible Note Deed; and*
- (f) by allotting and issuing to Hawkesbridge and HET in equal proportions on the Completion Date 6,332,532 fully paid ordinary shares in the Company at an issue price of 2 cents per Share in accordance with the terms of the Convertible Note Deed.*

VOTING EXCLUSION STATEMENTS

The Company will disregard any votes cast on the Resolutions by Hawkesbridge, HET and any of their associates where reference to "associates" means associates for the purposes of section 11 and sections 13 to 17 of the Corporations Act (applying section 13 as if it was not confined to associate references occurring in Chapter 7 of the Corporations Act).

The Company will not disregard a vote on the Resolutions 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.

NOTES

Who may vote

Under Regulation 7.11.37 of the *Corporations Regulations 2001*, the Directors have determined that for the purposes of the meeting all ordinary shares in the Company will be taken to be held by the persons who held them as registered shareholders at **close of business** on 10am, Tuesday 30 August 2005 (**Register Date**).

All holders of ordinary shares in the Company as at the Register Date are entitled to attend and vote at the meeting subject to the voting exclusion statement.

Proxies

Please note that:

- a member who is entitled to attend and cast a vote at the meeting may appoint a person as the member's proxy (**Proxy**) to attend and vote for the member at the meeting;
- the appointment may specify the proportion or number of votes that the Proxy may exercise;
- a member who is entitled to cast 2 or more votes at the meeting may appoint 2 Proxies and may specify the proportion or number of votes each Proxy is appointed to exercise;
- if the member appoints 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;
- if the member appoints one proxy only, that proxy is entitled to vote on a show of hands. If a member appoints 2 Proxies, only one proxy is entitled to vote on a show of hands;
- where 2 Proxies are appointed, any fractions of votes resulting from the appointment of 2 Proxies will be disregarded;
- a Proxy need not be a member of the Company; and
- a Form of Proxy accompanies this Notice of Meeting.

Unless the member specifically directs the Proxy how to vote, the Proxy may vote as he or she thinks fit or abstain from voting.

If you wish to appoint a Proxy, you should complete the attached "Form of Proxy" and comply with the instructions set out in that form relating to lodgement of the form with the Company.

The Form of Proxy must be signed by the member or his or her attorney duly authorised in writing or, if the member is a corporation, either signed by an authorised officer or attorney of the corporation or otherwise signed in accordance with the Corporations Act.

If any attorney or authorised officer signs the Form of Proxy on behalf of a member, the relevant power of attorney or other authority under which it is signed or a certified copy of that power or authority must be deposited with the Form of Proxy.

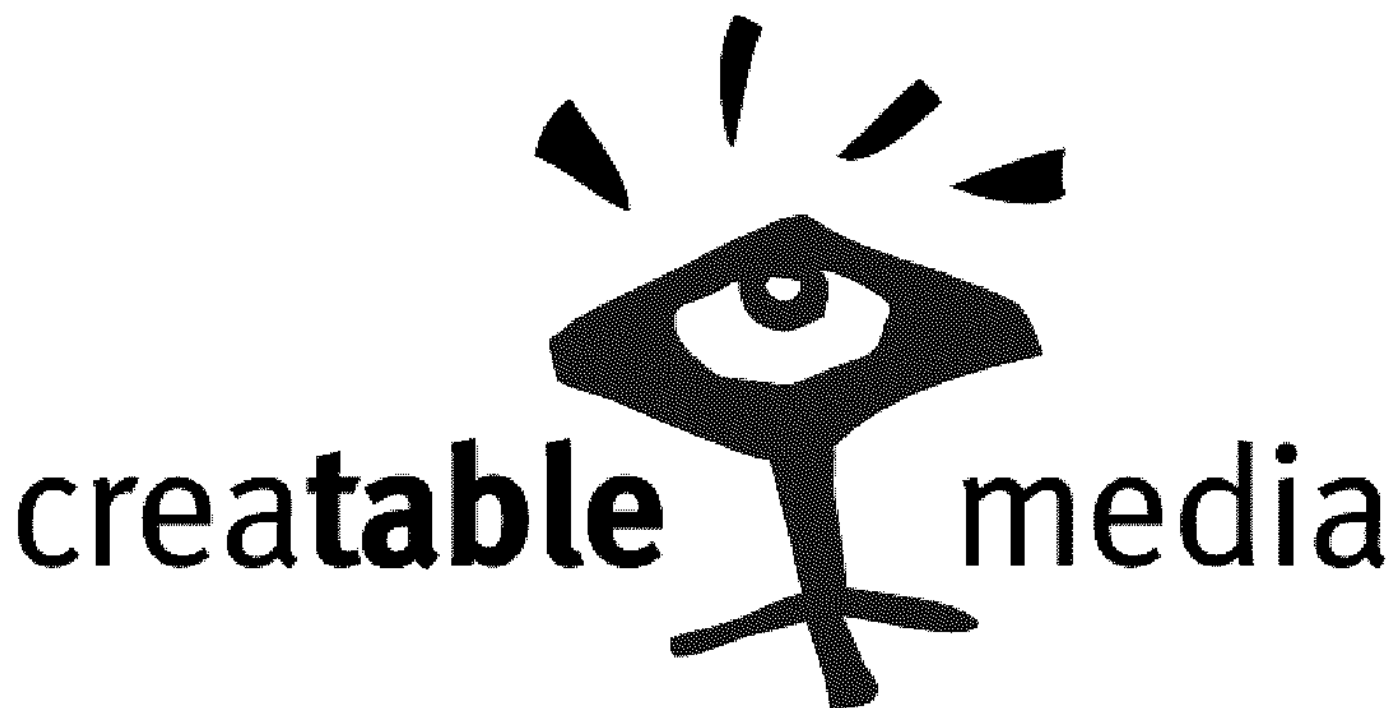
The Form of Proxy (together with any relevant authority) must be received NOT LATER THAN 48 hours before the time scheduled for the commencement of the meeting (or any adjournment of that meeting).

The completed Form of Proxy may be:

- mailed to the address on the Form of Proxy; or
- faxed to Creatable Media Limited, attentioned to Nick Geddes, Company Secretary – on facsimile number (02) 9252 2487.

By order of the Board

Dated: 27 July 2005



Creatable Media Limited

ABN 71 099 247 408

Explanatory Statement

Dated: 27 July 2005

1. Important Dates and Notices

Deadline for submission of proxies: **10am, Tuesday 30 August 2005**

General Meeting: **10am, Thursday 1 September 2005**

Allotment Date of Convertible Notes and Further Additional Shares to Hawkesbridge and HET (**Completion Date**): **Thursday 1 September 2005** (subject to Shareholders passing the Resolution)

Approximate date of commencement of quotation of Initial Additional Shares: **Wednesday 20 July 2005** and Further Additional Shares: **Monday 5 September 2005** (subject to Shareholders passing the Resolution)

All Shareholders who are registered as holders of Shares at **10am, Tuesday 30 August 2005** (other than Hawkesbridge, HET and their Associates) are entitled to attend and vote at the Shareholder Meeting either in person or by proxy.

Decision on how to vote

You should read this Explanatory Statement in its entirety before making a decision on how to vote at the Shareholder Meeting. If you are in any doubt as to how to deal with this document, you should consult with your financial or other professional adviser.

Date of this document

This Explanatory Statement has been prepared as at **Wednesday, 27 July 2005** (the **Preparation Date**) based upon information available and the facts and circumstances known at the Preparation Date by the Company.

Subject to the continuing obligations of the Company under the ASX Listing Rules, the *Corporations Act* and other laws, no person undertakes to review the financial condition or affairs of the Company at any time or to keep a recipient of this document or any Shareholder informed of changes in, or matters arising or coming to their attention which may affect anything referred to in this document.

Subject to the continuing obligations of the Company under the ASX Listing Rules, the *Corporations Act* and other laws, the Company accepts no responsibility to Shareholders to update this document after the Preparation Date with regard to information or circumstances which come to its attention after the Preparation Date.

Limited responsibility for information

The information contained in this Explanatory Statement has been prepared by the Company and its advisers and is the responsibility of the Company, except that section 4 has been prepared by Hawkesbridge and HET and their advisers and is the responsibility of Hawkesbridge and HET. Hawkesbridge and HET and their advisers have not prepared any information other than that contained in section 4 and accordingly take no responsibility for any errors or omissions or any false or misleading statements contained in this document other than in relation to section 4.

Independent investment decisions

This Explanatory Statement does not take into account the investment objectives, financial position and particular needs of any particular person. Before making any decision on the basis of this document you should consider, after consulting with an investment adviser,

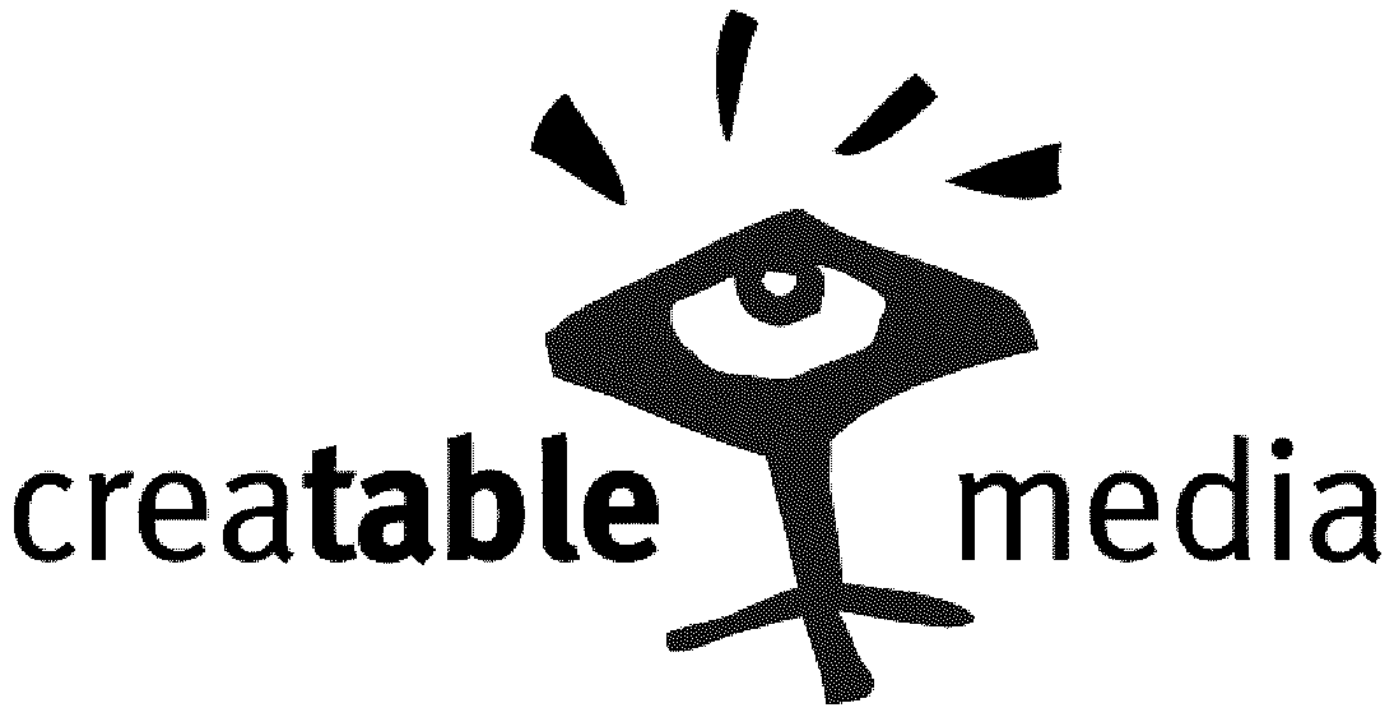
whether that decision is appropriate in the light of the information contained in this document.

Glossary

Terms used in the Notice of Meeting and this Explanatory Statement are defined in section 8.

Enquiries

Shareholders with any questions in relation to the contents of the Notice of Meeting and the Explanatory Statement should contact the Company Secretary, Nick Geddes of Australian Company Secretaries Pty Ltd on (02) 9252 1933.



Letter from the Chairman of Creatable Media Limited

27 July 2005

Dear Shareholder

On behalf of the Board, I have the pleasure in inviting you to a General Meeting of the members of Creatable Media Limited (**Company**). The meeting (**Shareholders Meeting**) will be held at the **Radisson Plaza Hotel, Cnr Pitt & O'Connell Street, Sydney, New South Wales 2000 on Thursday, 1 September 2005 at 10am.**

Turning point

The Company has reached a point in its business development where the exploitation of its potential so as to enable its continuing financial viability requires a significant capital injection. Your board has been investigating opportunities for some months. One such opportunity has resulted in a final agreed proposal. This proposal involves a secured convertible note issue to Hawkesbridge and HET and it is this proposal which is the subject matter of this meeting.

Your directors unanimously support the proposal as the right opportunity for the Company for the reasons set out in this Explanatory Statement. However, ***the continuation of the business of the Company is dependent on the proposal described in the Explanatory Statement being accepted by Shareholders.*** While the proposal will provide the needed cash injection and the greater commercial involvement of a long term investor in the Company, conversion of Notes will dilute the shareholdings and voting power of Shareholders and potentially result in a change in control of the Company.

This meeting is a crucial one for your Company and I encourage you to attend. The Notice of Meeting, Explanatory Statement and Proxy Form are attached. Please read these documents carefully.

Proposed capital raising

On 27 June 2005 the Board approved the Company's and CMI's entry into a secured convertible note facility with Hawkesbridge and HET (**Convertible Note Deed**). Under the Convertible Note

Deed Hawkesbridge and HET agree to invest in equal proportions over 4 years a total of \$2,666,192 in the Company by way of secured convertible notes with the right, but not the obligation, to subscribe for up to a further \$500,000 in Notes during the same period (**Election Notes**).

Mr Vince Pierse will become a director of the Company representing Hawkesbridge and Mr Warren Riddell will become a director of the Company representing HET. The Board is to be constituted by 5 directors unless otherwise agreed.

Completion of the Convertible Note Deed is conditional upon, amongst other matters, Shareholders approving for the purposes of Listing Rule 7.1, Listing Rule 10.11 and Item 7 of Section 611 of the *Corporations Act*:

- (a) the allotment and issue to Hawkesbridge and HET, in equal proportions, of:
 - (i) the maximum number of Convertible Notes able to be issued under the Convertible Note Deed;
 - (ii) the maximum number of ordinary shares able to be issued on conversion of the maximum number of Convertible Notes able to be issued under the Convertible Note Deed including in respect of interest;
 - (iii) 8,000,000 Shares; and
- (b) the grant of an option in equal proportions to Hawkesbridge and HET to subscribe for up to a further 500,000 Notes.

On 15 July 2005 Hawkesbridge and HET advanced \$500,000 in equal proportions to the Company and will on 27 July 2005 advance in equal proportions a further \$500,000 to the Company (**Cash Advance**). This Cash Advance enables the Company to continue operating up until the date of the Meeting in order for the Shareholders to consider the Resolution. The Cash Advance plus interest is secured by a fixed and floating charge over the Company and is repayable by the Company on demand of Hawkesbridge and HET if Shareholders do not pass the Resolution. ***If Shareholders do not approve the Proposed Capital Raising by passing the Resolution then the Directors will put the Company into administration at the close of the Meeting.***

Subject to Shareholder approval and the Company meeting certain cash flow projections, the Cash Advance plus interest to the Completion Date will be repaid by the Company issuing to Hawkesbridge and HET in equal proportions Convertible Notes with a face value of \$1 each and Hawkesbridge and HET will inject in equal proportions a further \$1 million into the Company for the issue of a further 1 million Convertible Notes. A further tranche of 654,412 Notes will be subscribed by 1 October 2005, subject to the Company meeting certain financial performance targets. The Election Notes may be subscribed at any time during the four years following Completion.

Terms of Notes

The terms and conditions of the Convertible Note Deed and the security given by the Company are set out in sections 2.2 and 7.1 of the attached Explanatory Statement.

Effect on capital structure of the Company

When Notes are issued they will constitute secured debt of the Company. The maximum face value of Notes, including the Election Notes, is \$3,166,192 (which includes \$11,780 as interest on the Cash Advance). Assuming the maximum number of Notes is issued then the maximum number of Shares that could be issued to Hawkesbridge and HET on conversion of Notes (assuming all interest is paid by the issue of Shares at conversion and conversion is at the end of the 4 years at a price of 2 cents per Share) is 234,670,704 Shares. Hawkesbridge and HET would

at that point hold 62.54% of the Company's expanded issued share capital assuming the maximum number of Shares is also issued to Ultimate Media under the Ultimate Media Agreement. If no Shares are issued under the Ultimate Media Agreement then the aggregate holdings of Hawkesbridge and HET would constitute 66.66% of the Shares. Shareholders are asked to approve the maximum potential dilution of Shareholdings and a potential change in voting power by the issue and conversion of Notes to Hawkesbridge and HET, even though it may not occur.

The potential dilution and voting power impact of conversion of the Notes, assuming various scenarios is set out at sections 5.2 and 5.3 of this Explanatory Statement. It should be noted, however, that the Notes will be transferable to third parties with the consent of the Company (not to be unreasonably withheld). If Shareholders pass the Resolution they will only be consenting to issues of Shares to Hawkesbridge and HET in excess of the 20% threshold in Chapter 6 of the *Corporations Act*. Shareholder approval does not extend to approval of acquisitions of Shares by any third parties to whom any Notes may be transferred. Conversion of transferred Notes will remain regulated by the 20% voting power restrictions in Chapter 6 of the *Corporations Act*.

Directors' interests in the Resolution

No Director has any interest in the Resolution other than in his capacity as an officer or a Shareholder of the Company.

Recommendation of the Directors

Your current directors are Mr Carl Olsen, Chairman, Mr Scott Walters, CEO and Mr Siimon Reynolds a non-executive director. Each of the Directors has approved and voted in favour of the proposal and putting the Resolution and this Explanatory Statement before Shareholders. Please refer to section 6.

The Board considers that approval of the capital injection by the Hawkesbridge Group is the only alternative to the Company being placed into administration. However, the Board also believes that the Proposed Capital Raising is the right opportunity for the Company. You are referred to the Business Overview in section 2.4 of this Explanatory Statement which notes very positive indicators and initiatives relating to the Company. The Hawkesbridge Group nominees will work with the current Directors over the next four years to realize the Company's objectives and to build shareholder value. You are referred to sections 2.3 and 6 in relation to the intended use of the funds raised and the reasons for the Directors' recommendations.

Please consider this Explanatory Statement carefully and in its entirety, including the reasons for the Directors' recommendations.

Each Director of the Company who is a Shareholder intends that they and their respective associates will vote in favour of the Resolution in the attached Notice of Meeting.

The Directors unanimously recommend that Shareholders vote in favour of the Resolution.

On behalf of the Board I would like to thank you for your continued support.

Yours sincerely



Carl Olsen

Chairman

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2. Summary of the Proposed Capital Raising

2.1 Introduction – Key Events and Dates

On 27 June 2005 a meeting of the Directors resolved and approved the Company's acceptance of the offer of Hawkesbridge and HET to invest a total of \$2,654,412 in equal proportions by way of secured convertible notes issued by the Company, subject to various conditions precedent to Completion, including Shareholder approval. The Shareholders Meeting will be held on Thursday, 1 September 2005 at 10am.

2.2 Key Elements of the Proposed Capital Raising

The key elements of the Proposed Capital Raising are:

- on 15 July 2005, Hawkesbridge and HET loaned \$500,000 to the Company in equal proportions (**Initial Loan Amount**);
- on 27 July 2005, Hawkesbridge and HET will loan a further \$500,000 to the Company in equal proportions (**Subsequent Loan Amount**);
- interest accrues on the Initial Loan Amount and Subsequent Loan Amount (**Cash Advance**) at the rate of 10% per annum and the aggregate of the loans and interest is secured by a fixed and floating charge over the assets of the Company;
- on 15 July 2005, the Company issued to Hawkesbridge and HET 1,667,468 Shares in equal proportions (**Initial Additional Shares**). A further 6,332,532 Shares (**Further Additional Shares**) will be issued subject to Shareholder approval, making a total of 8 million Shares at an issue price of 2 cents each (**Additional Shares**);
- the **Cash Advance** plus interest will be repaid to Hawkesbridge and HET on Completion following Shareholder approval by the issue of secured Convertible Notes with a face value of \$1.00 each (**Convertible Note or Notes**);
- subject to Shareholder approval and the Company meeting certain performance targets Hawkesbridge and HET must subscribe in equal proportions for Convertible Notes in two tranches. The first subscription on the Completion Date is for 2,011,780 Notes being one million Notes issued to repay the Cash Advance, 11,780 Notes issued to pay the interest accrued in respect of the Cash Advance (assuming the Cash Advance is repaid on 1 September 2005) and a further one million Notes in respect of a further advance of \$1,000,000. The second subscription is by 1 October 2005 for an amount of \$654,412 by the issue of 654,412 Notes;
- Hawkesbridge and HET have a right but not an obligation to subscribe for up to an additional 500,000 Notes (**Election Notes**) in equal proportions at any time and from time to time during the 4 year term commencing on the Completion Date (**Election Notes Option**);
- issued Notes will bear simple interest at 10% per annum which will be payable on the earlier of redemption or conversion of notes;
- Notes will be convertible into Shares at the election of the Note Holder at any time up to the 4th anniversary of the Completion Date at the lower price of 2 cents per Share and a 10% discount to the volume weighted average price of the Company's Shares for the 30 day period immediately prior to conversion. The number of Shares issued on conversion of Notes is calculated on the face value of the Notes plus accrued interest payable on the date of conversion;

- Notes not converted must be redeemed by the Company with outstanding interest on the fourth anniversary of the Completion Date;
- the Notes will not be listed on the ASX;
- if Shareholder approval is not obtained the Cash Advance plus interest is repayable by the Company on demand by Hawkesbridge and HET;
- in the event of default by the Company the Note Holder has the option to redeem the Notes and/or convert them into Shares;
- redemption in the above circumstances is secured by fixed and floating charges over the Company;
- Mr Vince Pierse will be appointed to the Board of the Company as Hawkesbridge's nominee and Mr Warren Riddell will be appointed to the Board of the Company as HET's nominee. The Board of the Company will have a maximum of 5 Directors unless the Board unanimously agrees otherwise;
- the maximum number of Shares able to be issued to the Note Holders on conversion of the maximum number of Notes able to be issued (including the Election Notes) is 234,670,704 (assuming the conversion price is 2 cents per Share) (see section 5.2).

Assuming the Note Holders do not sell any Shares or Notes, and the maximum number of Notes able to be issued is converted after 4 years they would hold Shares as follows:

	Number of Shares	% of share capital including maximum number of Shares issued to Ultimate Media	% of share capital assuming no Shares are issued to Ultimate Media
Hawkesbridge	119,853,979	31.94%	34.06%
HET	114,816,725	30.60%	32.63%
Aggregate	234,670,704	62.54%	66.68%

Shareholder approval is required for the reasons set out in Section 3 of this Explanatory Statement.

The effect of the Proposed Capital Raising on the capital structure and share ownership of the Company is set out in more detail in section 5.2 of the Explanatory Statement.

The effect of the Proposed Capital Raising on the voting power of Hawkesbridge and HET in the Company is set out in more detail in section 5.3.

The terms of the Convertible Note Deed and securities are summarised in section 7.1.

The percentage calculations above and elsewhere in this Explanatory Statement assume that the Company does not, prior to conversion of all the Notes, issue Shares except to Ultimate Media and on conversion of Notes.

2.3 Reasons for and use of the Proceeds raised

The funds to be raised by the Proposed Capital Raising are required to provide working capital to allow the Company to continue to operate and to avoid the Company becoming insolvent.

In particular, the funds raised will be expended as follows:

- \$1 million for capital expenditure to rollout tabletops in the US market (see section 2.4 below);
- \$500,000 as key money to US landlords; and
- the balance for working capital.

The Board considers that the above intended uses and objectives are the best use of the funds raised. The Hawkesbridge Group agrees with the Board's intended uses of the funds and the Company's objectives. Shareholders are also referred to section 4 which details the intentions of the Hawkesbridge Group in respect of the Company.

The costs of the fundraising will be borne out of the funds raised.

2.4 Business overview

Set out below are some of the indicators and initiatives relating to the future success of the Company.

- **Market** – The Board has carefully reassessed the market and is greatly encouraged by the potential for growth of the out of home advertising sector generally and the tabletop advertising medium in particular. Recent independent studies have shown that the out of home advertising market is expected to grow by 11% in the year to December 2005. In Australia, this market is worth around \$350 million and is expected to grow at a faster rate than more traditional media. The Board knows from its research that marketers are continuing to demand greater impact at the point of purchase and your Directors believe that the Company's medium is particularly well positioned to provide this impact and to capitalise on such growth.
- **Restructured business model** – The Board has re-structured the Company's business model with particular emphasis on improving revenue performance, while reducing costs.

The Board reviewed its effectiveness and as a result has reduced its size providing a more appropriate composition to suit the Company's needs. The Board has been focused on implementing its strategy of reducing costs in the business. The Board has reduced its size from six and will resolve that the maximum number of Directors is five.

- **Ultimate Media Alliance** – As announced to the market on 31 March 2005, the Company has formed a strategic alliance with Ultimate Media. Already this alliance is starting to bear fruit and the Board believes this will help drive the Company's sales growth further. The alliance with Ultimate Media also forms part of the Board's strategy to reduce fixed costs in the business.
- **US expansion and opportunity** - The US market, which is the largest out of home advertising market in the world, continues to hold great promise for the Company and its US subsidiary, CMI. CMI has significant first-mover advantage into this market and has already established an excellent footprint to grow in the US through

CMI's exclusive contract with Westfield America covering 47 of their largest shopping malls. The Company is continuing to build CMI's presence in the US but will do so at a measured pace to ensure that growth is profitable and sustainable.

3. Shareholder approvals

3.1 Item 7, Section 611 of the *Corporations Act*

Under section 606 of the *Corporations Act*, a person must not acquire a Relevant Interest in issued voting shares of a company if because of the transaction that person's or someone else's voting power increases from:

- 20% or below to more than 20%; or
- a starting point that is above 20% and below 90%.

A person can only have a relevant interest in issued voting shares. In this case Notes will not give the holder a relevant interest in shares but a relevant interest in shares may arise on conversion of Notes.

Under section 611, item 7 of the *Corporations Act*, section 606 does not apply in relation to any acquisition of shares in a company approved by an ordinary resolution passed at a general meeting of the company at which no votes were cast in favour of the resolution by the acquirer or the disposer or their respective associates.

Chapter 6 of the *Corporations Act* is designed to ensure that certain basic rights of the shareholders of a company are protected where control of the company may change. Those rights are set out in general terms in section 602.

Item 7 of section 611 permits an allotment or purchase of shares agreed to by shareholders. It recognises that the shareholders of a company may choose to give up one of their basic rights, namely an equal opportunity to participate in any benefits accruing to other shareholders where the acquisition or allotment may change the control of the company.

However, shareholders voting on an Item 7, section 611 resolution are entitled:

- (a) to know the identity of any person who proposes to acquire a substantial interest in the company;
- (b) to have a reasonable time in which to consider any proposal under which a person would acquire a substantial interest in the company; and
- (c) to be supplied with sufficient information to enable them to assess the merits of the proposal.

For the purposes of the *Corporations Act* this Explanatory Statement discloses the following information:

- (a) the identity of the persons that will hold a relevant interest in the Shares on completion of all transactions contemplated by the Convertible Note Deed (see section 4);
- (b) their current voting power (see section 5.3);
- (c) the maximum number of Shares the subject of the relevant interests (see section 5.2);

- (d) the maximum extent of the increase in voting power of the persons potentially arising from the transactions (see section 5.3); and
- (e) the maximum voting power that the persons and their associates will have as a result of the transactions (see section 5.3).

ASIC Policy Statement 74 requires that shareholders of a company being asked to vote on an item 7, section 611 resolution should also be provided with:

- (a) the identity of the directors who approved or voted against the proposal to put the resolution to shareholders and the relevant explanatory statement;
- (b) the recommendation or otherwise of each director as to whether non-associated shareholders should agree to the acquisition, and the reasons for that recommendation or otherwise;
- (c) any intention of the acquirer to change significantly the financial or dividend policies of the company; and
- (d) an analysis of whether the proposal is fair and reasonable when considered in the context of the interests of, the non-associated shareholders other than those involved in the proposed allotment or purchase or associated with such persons.

For the purposes of section 606(1) of the *Corporations Act*, a person's "voting power" in the Company is calculated by dividing the total number of shares in which that person, or its "associate" has a Relevant Interest by the total number of shares on issue. A person does not need to be the registered holder of a share in order to have a Relevant Interest in that share.

3.2 Listing Rule 7.1 and Listing Rule 7.4

Approval is sought under Listing Rule 7.1 to enable the issue of "equity securities" where the issue will exceed the annual 15% limit provided under Listing Rule 7.1. "Equity securities" are defined under the ASX Listing Rules to include convertible securities such as the Convertible Notes.

Under Listing Rule 7.1 the Company must not (subject to certain exceptions) issue or agree to issue securities where such issue would cause the number of securities issued in the past 12 months to exceed 15% of its fully paid ordinary securities on issue 12 months before the date of the issue, without the prior approval of Shareholders in general meeting.

The agreement of the Company in relation to the issue of the Convertible Notes, the grant of the Election Notes Option and issue of the Election Notes and the Further Additional Shares (6,332,532 Shares) exceeds its 15% limit. Shareholder approval in general meeting for the issue and allotment of the securities is required under Listing Rule 7.1. and ratification will also be sought under Listing Rule 7.4 in relation to the issue of the Initial Additional Shares (1,667,468 Shares). The purpose of the ratification is so as not to affect the Company's ability to issue Shares within the Listing Rule 7.1 limit in the future.

In accordance with Listing Rule 7.3, the following information is provided to Shareholders in respect of the Convertible Notes, the Election Notes, the Further Additional Shares and the Election Notes Option:

Type of Security - Convertible Notes and Election Notes

Maximum number of Convertible Notes (including Election Notes): 3,166,192 Notes.

To whom will be issued:	Hawkesbridge and HET, in equal proportions.
Date of issue:	2,000,000 Notes plus 11,780 Notes in respect of interest on the Cash Advance on the Completion Date (assuming the Cash Advance is repaid on 1 September 2005); 654,412 Notes by 1 October 2005; and 500,000 Notes pursuant to exercise of the Election Notes Option.
Issue price:	\$1.00 per Note
Details of securities:	Secured convertible notes with a face value of \$1 each and which bear simple interest at the rate of 10% per annum, not listed, redeemable and convertible at the discretion of the Note Holder into Shares during the period of four years after the Completion Date at the lower of 2 cents per Share and a 10% discount to the volume weighted average price of the Company's Shares for the 30 day period immediately prior to conversion.
Other terms of issue:	Pursuant to the terms of the Convertible Note Deed as summarised in section 7.1.
Intended use of funds:	Working capital. Refer to section 2.3.
Voting Exclusion Statement:	Yes, as set out in the attached Notice of Meeting.

Type of Security – Further Additional Shares

Number of Shares:	6,332,532 Shares.
To whom issued/to be issued:	Hawkesbridge and HET, in equal proportions.
Date(s) of issue:	6,332,532 Shares (ie. Further Additional Shares) on the Completion Date.
Issue price:	2 cents per Share.
Details of Securities:	Fully paid ordinary shares ranking equally with other issued Shares.
Other terms of issue:	Nil.
Intended Use of funds:	The Additional Shares are issued to Hawkesbridge and HET at 2 cents each in accordance with the Convertible Note Deed.
Voting Exclusion Statement:	Yes, as set out in the attached Notice of Meeting.

Type of Security – Election Notes Option

Number of Options:	An Option to subscribe for up to 500,000 Notes exercisable at any time and from time to time during the period commencing from the Completion Date and ending on the 4th anniversary of the Completion Date.
To whom issued/to be issued:	Hawkesbridge and HET, in equal proportions.
Date(s) of issue:	On the Completion Date.
Issue price:	The Option can be exercised at \$1.00 per Note.
Details of Securities:	Option to subscribe for secured convertible notes with a face value of \$1 each and which bear simple interest at the rate of 10% per annum, not listed, redeemable and convertible at the discretion of the Note Holder into Shares during the period of four years after the Completion Date at the lower of 2 cents per Share and a 10% discount to the volume weighted average price of the Company's Shares for the 30 day period immediately prior to conversion.
Other terms of issue:	Pursuant to the terms of the Convertible Note Deed as summarised in section 7.1.
Intended Use of funds:	The Election Notes Option is granted under the terms of the Convertible Note Deed.
Voting Exclusion Statement:	Yes, as set out in the attached Notice of Meeting.

In accordance with Listing Rule 7.5, the following information is provided to Shareholders in respect of the Initial Additional Shares:

Type of Security –Initial Additional Shares

Number of Shares:	1, 667,468 Shares.
To whom issued/to be issued:	Hawkesbridge and HET, in equal proportions.
Date(s) of issue:	on 15 July 2005.
Issue price:	2 cents per Share.
Details of Securities:	Fully paid ordinary shares ranking equally with other issued Shares.
Other terms of issue:	Nil.

Intended Use of funds:	The Initial Additional Shares are issued to Hawkesbridge and HET at 2 cents each in accordance with the Convertible Note Deed.
Voting Exclusion Statement:	Yes, as set out in the attached Notice of Meeting.

Shareholders should note that if the Resolution is passed, the Convertible Notes, the Election Notes Option and the Additional Shares issued to Hawkesbridge will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

3.3 Listing Rule 10.11

Listing Rule 10.11 states that unless one of the exceptions in Listing Rule 10.12 applies, an entity must not issue securities (which includes convertible securities such as the Convertible Notes) to a Related Party without the approval of holders of ordinary shares by ordinary resolution.

If Hawkesbridge and HET are issued and retain and convert a significant number of Notes they may together hold sufficient Shares in the Company to control the Company. If so, as controllers of the Company they would be Related Parties of the Company. A Related Party is defined in section 228 of the *Corporations Act 2001 (Cth)* and includes an entity that controls a public company and an entity that believes or has reasonable grounds to believe that it is likely to become a Related Party of a public company of a kind such as a controlling entity of a public company at any time in the future.

It is not clear whether Hawkesbridge and/or HET may be a Related Party of the Company. However, it is a condition of the Convertible Note Deed that the Company seek approval under Listing Rule 10.11 for the issue of Convertible Notes, the Election Notes Option and the Further Additional Shares as if Hawkesbridge and HET were Related Parties of the Company. Accordingly, Shareholder approval to the issue and allotment of the Convertible Notes is being sought under Listing Rule 10.11.

The Directors have also concluded that even if Hawkesbridge and/or HET could be said to be Related Parties, for the purposes of the *Corporations Act*, the Proposed Capital Raising is on terms that would be reasonable in the circumstances of the Company and Hawkesbridge and HET dealing at arms' length. Therefore, Shareholder approval is not being sought under section 208 of the *Corporations Act*.

In accordance with Listing Rule 10.13, the following information is provided to Shareholders in respect of the securities which are proposed to be issued:

Type of Security - Convertible Notes

Maximum number of Convertible Notes:	3,166,192 Notes.
To whom will be issued:	Hawkesbridge and HET, in equal proportions.
Date of issue:	2,000,000 plus 11,780 Notes in relation to interest on the Cash Advance on the Completion Date (assuming the Cash Advance is repaid on 1 September 2005); 654,412 Notes by 1 October 2005; and

500,000 Notes pursuant to exercise of the Election Notes Option.

Issue price:	\$1.00 per Note
Relationship with the Company:	Hawkesbridge and HET may jointly control the Company in the future.
Other terms of issue:	Secured convertible notes with a face value of \$1 each and which bear simple interest at the rate of 10% per annum, not listed, redeemable and convertible at the discretion of the Note Holder into Shares during the period of four years after the Completion Date at the lower of 2 cents per Share and a 10% discount to the volume weighted average price of the Company's Shares for the 30 day period immediately prior to conversion.
Intended use of funds:	Working capital. Refer to section 2.3.
Voting Exclusion Statement:	Yes, as set out in the attached Notice of Meeting.

Type of Security – Further Additional Shares

Number of Shares:	6,332,532 Shares.
To whom issued/to be issued:	Hawkesbridge and HET, in equal proportions.
Date(s) of issue:	on the Completion Date.
Issue price:	2 cents per Share.
Details of Securities:	Fully paid ordinary shares ranking equally with other issued Shares.
Other terms of issue:	Nil.
Intended Use of funds:	The Additional Shares are issued to Hawkesbridge and HET at 2 cents each in accordance with the Convertible Note Deed.
Voting Exclusion Statement:	Yes, as set out in the attached Notice of Meeting.

Type of Security – Election Notes Option

Number of Options:	An Option to subscribe for up to 500,000 Notes exercisable at any time and from time to time during the period commencing from the Completion Date and ending on the 4th anniversary of the Completion Date.
To whom issued/to be issued:	Hawkesbridge and HET, in equal proportions.
Date(s) of issue:	On the Completion Date.

Issue price:	The Option can be exercised at \$1.00 per Note.
Details of Securities:	Option to subscribe for secured convertible notes with a face value of \$1 each and which bear simple interest at the rate of 10% per annum, not listed, redeemable and convertible at the discretion of the Note Holder into Shares during the period of four years after the Completion Date at the lower of 2 cents per Share and a 10% discount to the volume weighted average price of the Company's Shares for the 30 day period immediately prior to conversion.
Other terms of issue:	Pursuant to the terms of the Convertible Note Deed as summarised in section 7.1.
Intended Use of funds:	The Election Notes Option is granted under the terms of the Convertible Note Deed.
Voting Exclusion Statement:	Yes, as set out in the attached Notice of Meeting.

4. The Hawkesbridge Group

The information in this section has been provided to the Company by Hawkesbridge and HET for the purposes of assisting the Company to meet its responsibilities under ASIC Policy Statement 74 in relation to Shareholder approval under section 611, item 7 of the *Corporations Act*. Accordingly, the Company takes no responsibility for any errors or omissions or any false or misleading statements contained in this section.

4.1 Hawkesbridge and HET

The proposed allottees of the Additional Shares and Shares upon conversion of the Convertible Notes and who will hold Relevant Interests in the Shares are Hawkesbridge and HET, in equal proportions.

As at the Preparation Date Hawkesbridge holds 5,870,988 Shares in the Company, which represents 4.74% of the issued Shares.

Hawkesbridge was an investor in the Company before the Company was listed on the ASX. In December 2003 Hawkesbridge invested approximately \$640,000 in the Company via an unsecured convertible note with a coupon of 14.5% per annum. The note was converted into 5,037,254 Shares at the initial public offering of the Company in September 2004. In respect of 3,786,265 shares Hawkesbridge agreed to a voluntary escrow period of 12 months which will expire in September 2005 and in respect of 1,250,989 shares Hawkesbridge agreed to a voluntary escrow period of 24 months which will expire in September 2006.

The Hawkesbridge Private Equity group (**Hawkesbridge Group**) was established in 2001 as an Australian based private equity fund manager. It now manages over \$75 million in private equity funds on behalf of institutional investors through a number of funds. Two of those funds will invest in the Convertible Notes, The Hawkesbridge Enterprise Trust (**HET1**) and The Hawkesbridge Enterprise Trust No 1A (**HET1A**).

The directors of Hawkesbridge, the trustee of HET1, are Mr Christopher Rowe, Mr Warren Riddell, Mr Alex Bajada, Mr Jon Addison and Mr Peter Woods. Mr Joshua Rowe is the company secretary.

The major unit holders of HET1 are the WA Local Government Super Plan and the Meat Industry Employees Superannuation Fund.

HET is the trustee of HET1A. The directors of HET are Mr Joshua Rowe (who is also company secretary) and Mr David Plumridge. As at the Preparation Date HET holds 833,734 Shares in the Company.

The major unit holders of HET1A are the WA Local Government Super Plan and the Meat Industry Employees Superannuation Fund.

For more detailed information about the Hawkesbridge Group and its current investments please visit its web-site at www.hawkesbridge.com.au.

The Hawkesbridge Group assesses its investments by reference to the following investment criteria:

- **Geography:** Head office and majority of operations located in Australia;
- **Enterprise value:** Between \$A5 million and \$A30 million;
- **Management team:** An experienced management team either in place or identified;
- **Cashflows and/or growth:** Stable business with strategic potential;
- **Competitive advantage:** Business with a clear competitive advantage.

Any investment by the Hawkesbridge Group must include satisfaction of criteria for investment selection, mechanisms for investment management such as regular monitoring and financial reporting as well as consideration of investment exit strategies.

4.2 Hawkesbridge and HET Board nominees

If the Shareholders pass the Resolution, Mr Vince Pierse will join the Board of the Company and CMI representing Hawkesbridge and Mr Warren Riddell will join the Board of the Company representing HET.

Mr Vince Pierse

Mr. Pierse specializes in the development of international business. He has a broad range of executive and general management experience gained in various industry sectors on several continents.

He began his career in Australia in 1960, spending several years in public accounting and financial positions in industry. From 1969, he spent eleven years with Morton-Norwich Products, Inc., a Chicago-based food, pharmaceutical, chemicals and consumer products multinational with (then) over US\$1 billion in sales and 13,000 employees worldwide. During this period he worked in all operational areas of the company, across many product lines, in various locations in the USA, Europe, Latin America and Asia. This included a four year period as Director, Asia Pacific Region (based in Australia and the Philippines) and an additional two years at the USA headquarters as Director, Joint Ventures and Exports, worldwide.

In 1980, Mr. Pierse founded Pierse, Jennings & Associates to provide “hands on” assistance to USA companies that were expanding their international business. Clients were diverse in both industry and size.

In 1986, he was based in Singapore as Vice President, Asia for Strategic Planning Associates, a Washington, D.C. based major consulting firm. He developed a multinational team which carried out significant strategy assignments for major global and Asian companies and regional governments.

In 1990, he returned to his own consulting business based in Perth, Australia. He developed and implemented growth strategies in Australia and Asia for various international clients, including McIlhenny Company.

In 1994, he joined McIlhenny Company as Director, Asia Region, based in Singapore and was responsible for the market development of TABASCO® brand products through a network of large, branded food distributors. He became President and Chief Operating Officer of McIlhenny Company in July, 1996 and until June, 1998 was based at the company’s headquarters in Avery Island, Louisiana. During this time, he significantly raised the global profile of the 130-year-old TABASCO® brand, with a consequential increase in sales. The company has since reverted to the direction of the founding family.

Mr Pierse has extensive experience in many cultures and has capability in five languages – English, French, Spanish, Mandarin and Portuguese.

Mr Pierse does not hold any Shares in the Company.

Mr Warren Riddell

Mr Riddell is the Managing Director of Hawkesbridge Limited.

Mr Riddell has had a broad and international career. Qualifying as a Chartered Accountant in 1981 with Touche Ross in London he became a director of a private media investment company based in London and New York. He joined the turn-around team of a UK/US based international engineering company, in which he became joint Managing Director, and led the sale to a UK plc. He was a director and partner in Ernst & Young based in Europe and the Middle East focusing on corporate finance and investment.

From 1996 to 2000 he was Partner in Charge of Arthur Andersen’s Asia Pacific Privatisation and Infrastructure Finance Practice.

Mr Riddell is currently the Managing Director of Hawkesbridge Limited (a Related Body Corporate of HET) and holds non-executive directorship positions with Vitrostone Pty Ltd and Australian Beverage Holdings Pty Ltd.

He holds a BA (Hons) in Economics and Finance from Lancaster University and is a FCA (ICEAW).

Mr Riddell holds 100,000 Shares in the Company through his superannuation fund.

4.3 Intentions of Hawkesbridge and HET

If the Shareholders pass the Resolution, Hawkesbridge and HET each and jointly have as at the Preparation Date the intentions as set out below regarding the future of the Company. Hawkesbridge and HET agree with the Board’s intended uses of the funds and the Company’s objectives as set out in section 2.3.

Hawkesbridge and HET do not intend to alter the principal activities or policies of the Company.

Hawkesbridge and HET do not intend to change the business of the Company and its subsidiary, CMI.

Hawkesbridge and HET do not intend to change the financial and dividend policies of the Company.

Hawkesbridge and HET do not intend to inject any further capital into the Company other than funds provided pursuant to the Convertible Note Deed.

Hawkesbridge and HET do not intend to redeploy any of the fixed assets of the Company.

There are no proposals whereby any property will be transferred between the Company and either or both Hawkesbridge and HET or any of their associates.

Hawkesbridge and HET intend to continue to employ the present employees of the Company.

Subject to continuing to hold Notes constituting not less in aggregate than 20% of the Shares on conversion, Hawkesbridge and HET will each have one director on the Board of the Company and CMI being, respectively Mr Vince Pierse and Mr Warren Riddell. Hawkesbridge and HET intend that the current three Directors, Scott Walters, the CEO, Carl Olsen, the Chair and Mr Siimon Reynolds will continue as Directors of the Company. Scott Walters and Carl Olsen are also directors of CMI and Hawkesbridge and HET intend that they will continue to be directors of CMI.

5. Capital Structure of the Company

5.1 Current Share Capital

The Company has been listed on the ASX since September 2004.

At listing there were 122, 280,968 Shares on issue.

As at the Preparation Date there were:

- 123,948,436 Shares on issue. Of the Shares on issue:
 - 52,809,241 were subject to a voluntary escrow period expiring on 9 September 2005; and
 - 16,614,584 were subject to an ASX escrow period expiring on 9 September 2006;
- 2,200,000 unissued Shares for which options have been issued to executives of the Company exercisable as they vest between September 2006 and September 2008 at exercise prices ranging from 20 cents to 35 cents.

The Company has also entered into an agreement with Ultimate Media as described in a release to the market on 31 March 2005 and outlined in section 7.3. Under this agreement Ultimate Media has the right to earn up to a maximum of 30,379,417 Shares over 5 years based on certain performance criteria. The first issue of Shares under this agreement would relate to performance by Ultimate Media under the agreement during the financial year 1 July 2005 to 30 June 2006.

Summarised in the table below are the Company's Top 20 Shareholders and the percentage holding of each as at 19 July 2005 (following the issue of the Initial Additional Shares), as detailed in the ASX Perpetual Register:

CLB – Top 20 Shareholders	Number of Shares	Percentage of Share Capital
Craig Squared Pty Ltd	11,999,953	9.68%
Greg Bundy	7,196,076	5.80%
Hawkesbridge Limited	5,870,988	4.74%
Rangewood Enterprises Pty Ltd	4,185,088	3.38%
Tricom Nominees Pty Ltd	4,112,971	3.32%
ABD Holdings Pty Ltd	3,983,264	3.21%
Moon Corporation Pty Ltd	3,500,000	2.82%
Tabletop Media Pty Ltd	3,430,531	2.77%
TBIG Creatable Pty Ltd	2,781,667	2.24%
AFV Management Pty Ltd	2,700,000	2.18%
Stemic Properties Pty Ltd	2,476,170	2.00%
Dufus Pty Ltd	1,878,084	1.52%
Gabbint Pty Ltd	1,878,084	1.52%
Pyrotherm Pty Ltd	1,857,126	1.50%
Mr Philip Goymour	1,500,000	1.21%
National Nominees Limited	1,498,000	1.21%
Mark Benjamin Lang	1,338,084	1.08%
ANZ Nominees Limited	1,307,880	1.06%
Quotidian No 2 Pty Ltd	1,250,000	1.01%
Robert St Julian	1,238,084	1.00%
Total Top 20 Shareholders	65,982,050	53.23 %

5.2 Potential dilution affect on Shareholdings

The table below sets out the dilution effect of conversion of the Notes assuming a conversion price of 2 cents per Share and an aggregate of 3,166,192 Notes comprised of:

- (a) 11,780 Notes in respect of interest on the Cash Advance;
- (b) 1,000,000 Notes being the repayment of the Cash Advance;
- (c) 1,000,000 Notes subscribed on the Completion Date;
- (d) 654,412 Notes subscribed by 1 October 2005; and
- (e) 500,000 Notes subscribed pursuant to exercise of the Election Notes Option.

The calculations assume no additional equity security issues or exercise of Options other than the issue of Additional Shares and the issue of Shares on conversion of the Notes.

* These calculations assume that the maximum number of Shares are issued to Ultimate Media in accordance with the Ultimate Media Agreement.

Scenario	Aggregate Number of Shares held by Non-Associated Shareholders	Percentage of share capital held by Non-Associated Shareholders	Aggregate Number of Shares held by Note Holders	Percentage of share capital held by Note Holders
(a) As at the date of this Explanatory Statement (includes the issue of the Initial Additional Shares on 15 July 2005)	117,243,714	94.59%	6,704,722	5.41%
(b) Following Shareholder approval and the issue of the Further Additional Shares.	117,243,714	89.99%	13,037,254	10.01%
(c) assuming conversion of 2,654,412 Notes plus 11,780 Notes relating to interest on the Cash Advance at the 4th anniversary of the Completion Date into Shares at the conversion price of 2 cents per Share. Note: The amount of 2,666,192 Notes does not include the 500,000 Election Notes.	117,243,714	44.48%	146,346,854	55.52%
(d) assuming the number of Notes in scenario (c) above plus interest on that amount is converted into Shares at the 4th anniversary of the Completion Date into Shares at the conversion price of 2 cents per Share.	117,243,714	37.00%	199,670,704	63.00%

Scenario	Aggregate Number of Shares held by Non-Associated Shareholders	Percentage of share capital held by Non-Associated Shareholders	Aggregate Number of Shares held by Note Holders	Percentage of share capital held by Note Holders
<p>Note: 10% in simple interest on \$2,666,192 over 4 years is \$1,066,477 which converts into 53,323,850 Shares at the conversion price of 2 cents per Share.</p>				
<p>(e) assuming conversion of 3,154,412 Notes plus 11,780 Notes relating to interest on the Cash Advance at the 4th anniversary of the Completion Date into Shares at the conversion price of 2 cents per Share.</p> <p>Note: The amount of 3,166,192 Notes includes the 500,000 Election Notes.</p>	117,243,714	40.63%	171,346,854	59.37%
<p>(f) assuming the maximum number of Notes in scenario (e) above plus interest on that amount is converted into Shares at the 4th anniversary of the Completion Date into Shares at the conversion price of 2 cents per Share.</p> <p>Note: 10% in simple interest of 10% p.a on \$3,166,192 over 4 years is \$1,266,477 which converts into 63,323,850 Shares at the conversion price of 2 cents per Share.</p>	117,243,714	33.32%	234,670,704	66.68%
<p>(g) assuming conversion as per scenario (f) above and that as at 15 September 2009 Ultimate Media has been issued with 23,291,613 Shares under the Ultimate Media Agreement.*</p>	140,535,327	37.46%	234,670,704	62.54%
<p>(h) assuming conversion as per scenario (f) above and that as at 15 September 2010 the maximum number of 30,379,417 Shares has been issued to Ultimate Media. *</p>	147,623,131	38.62%	234,670,704	61.38%

5.3 Potential effect on voting power of Note Holders

The table below sets out changes to the voting power of the Note Holders arising from conversion of Notes. **The table assumes that the Note Holder does not sell the Shares issued to it upon conversion.**

If the Note Holder does sell the Shares issued to it upon conversion, the amount of voting power and maximum increase in voting power of a Note Holder will decrease.

Maximum voting power is calculated on the assumption that neither Hawkesbridge, HET nor any of their associates acquires a Relevant Interest in any additional Shares prior to Completion. The maximum percentage voting increase in voting power of Hawkesbridge and HET is calculated by reference to the 5.41% of their voting power as at the Preparation Date.

The calculations assume no additional equity security issues other than the issue of Additional Shares on Completion and the issue of Shares on conversion of the Notes.

* These calculations assume that the maximum number of Shares are issued to Ultimate Media in accordance with the Ultimate Media Agreement.

Scenario	Aggregate Maximum Percentage Increase in Voting Power of Note Holders	Aggregate Maximum Percentage Voting Power of Note Holders
(a) As at the date of this Explanatory Statement (includes the issue of the Initial Additional Shares on 15 July 2005).	n/a	5.41%
(b) Following Shareholder approval and the issue of the Further Additional Shares.	4.60%	10.01%
(c) assuming conversion of 2,654,412 Notes plus 11,780 Notes relating to interest on the Cash Advance at the 4th anniversary of the Completion Date into Shares at the conversion price of 2 cents per Share. Note: The amount of 2,666,192 Notes does not include the 500,000 Election Notes.	50.11%	55.52%
(d) assuming the number of Notes in scenario (c) above plus interest on that amount is converted into Shares at the 4th anniversary of the Completion Date into Shares at the conversion price of 2 cents per Share. Note: 10% in simple interest on \$2,666,192 over 4 years is \$1,066,477 which converts into 53,323,850 Shares at the conversion price of 2 cents per Share.	57.59%	63.00%

<p>(e) assuming conversion of 3,154,412 Notes plus 11,780 Notes relating to interest on the Cash Advance at the 4th anniversary of the Completion Date into Shares at the conversion price of 2 cents per Share.</p> <p>Note: The amount of 3,166,192 Notes includes the 500,000 Election Notes.</p>	53.96%	59.37%
<p>(f) assuming the maximum number of Notes in scenario (e) above plus interest on that amount is converted into Shares at the 4th anniversary of the Completion Date into Shares at the conversion price of 2 cents per Share.</p> <p>Note: 10% in simple interest on \$3,166,192 over 4 years is \$1,266,477 which converts into 63,323,850 Shares at the conversion price of 2 cents per Share.</p>	61.27%	66.68%
<p>(g) assuming conversion as per scenario (f) above and that as at 15 September 2009, Ultimate Media has been issued with 23,291,613 Shares under the Ultimate Media Agreement. *</p>	57.13%	62.54%
<p>(h) assuming conversion as per scenario (f) above and that as at 15 September 2010, the maximum number of 30,379,417 Shares has been issued to Ultimate Media under the Ultimate Media Agreement. *</p>	55.97%	61.38%

6. Directors' Report

6.1 Directors' Interests in the Resolution

None of the Directors has any interest in the Resolution other than in their capacity as an officer or a Shareholder of the Company.

6.2 Requirement for Directors' Recommendation

ASIC Policy Statement 74 provides that the Directors should each make a recommendation to non-associated shareholders in relation to whether shareholders should agree to the acquisition and their reasons for making such recommendations.

In this regard ASIC Policy Statement 74 also states that directors should provide to shareholders an analysis of whether the proposal is **fair and reasonable** when considered in the context of the interests of the shareholders other than those involved in the proposed acquisition and their associates (Non-Associated Shareholders).

6.3 Directors' Recommendation

All of the Directors have approved the proposal to put the Resolution to the Shareholder Meeting and have separately approved the information contained in this Explanatory Statement.

The Directors individually and unanimously recommend that Shareholders vote in favour of the Resolution at the Shareholders' Meeting.

6.4 Directors' Conclusion as to 'Fair and Reasonable'

In accordance with ASIC Policy Statement 74 what is fair and reasonable for Non-Associated Shareholders must be judged by an independent expert or the independent

directors in all the circumstances of the acquisition of Relevant Interests and the Proposed Capital Raising.

The Directors have not commissioned an independent expert to prepare a report. The Directors consider that the Non-Associated Shareholders' interests would be materially disadvantaged by the delay and expense involved in obtaining such a report. ***Such delay and expense would be likely to force the Company to appoint an administrator.***

The Directors also consider that in this case they have sufficient expertise, experience and resources to prepare a report to the Non-Associated Shareholders analysing the fairness and reasonableness of the Proposed Capital Raising.

Paragraph 21 of ASIC Policy Statement 74 states that 'what is fair and reasonable for non-associated shareholders should be judged in all the circumstances of the proposal. The report must compare the likely advantages and disadvantages for the non-associated shareholders if the proposal is agreed to, with the advantages and disadvantages to those shareholders if it is not. Comparing the value of the shares to be acquired under the proposal and the value of the consideration paid is only one element of this assessment.'

In these circumstances critical factors involved in such an analysis include, but are not limited to, the impending insolvency of the Company without the capital injection proposed and the lack of another comparable or better opportunity to obtain such funding. The Directors not only recommend that Shareholders vote in favour of the Resolution because without the Proposed Capital Raising the Company is likely to be wound up, they also consider that the Proposed Capital Raising is fair and reasonable to the Non-Associated Shareholders.

The Directors have considered the advantages and disadvantages of the approval of the Proposed Capital Raising to the Non-Associated Shareholders. They have concluded that the advantages outweigh the disadvantages. They have therefore concluded that the Proposed Capital Raising is fair and reasonable to the Non-Associated Shareholders. You are referred to the Directors' analysis below.

6.5 Reasons for Proposed Capital Raising

The Proposed Capital Raising is required for the Company to be able to continue to operate and trade. If the Proposed Capital Raising is not approved by the passing of the Resolution the Directors will put the Company into administration after the close of the Meeting and the Cash Advance which is secured by a charge over the Company, will be repayable by the Company on demand to Hawkesbridge and HET.

Shareholders are referred to section 2.3 which sets out how the funds raised will be used.

6.6 Advantages of the Proposed Capital Raising to Non-Associated Shareholders

The advantages of approval of the Proposed Capital Raising for Non-Associated Shareholders and disadvantages of failure to approve the Proposed Capital Raising are canvassed below:

- **No need to wind up**

In a winding up of the Company there is no certainty that any value will be returned to Shareholders many of whom invested at 20 cents per Share. Much of the Company's assets are intangible and it is impossible to predict their value in a winding up.

- **Continue trading**

The Proposed Capital Raising will ensure that the Company will have working capital so as to be able to continue to conduct its business plan. In particular, to enable it to pursue its US expansion opportunities through its subsidiary, CMI. Any lesser funding amount would not have been consistent with the Company continuing as a viable business.

- **No immediate change of control**

The Proposed Capital Raising does not involve an immediate change in control of the Company. While ultimately the Hawkesbridge Group may control the Company they will not do so unless they convert most of the Notes, demonstrating faith in the prospects of the Company. In the event that Hawkesbridge and HET sell down their Notes or Shares they will not acquire the maximum number of Shares possible under the Convertible Note Deed and the investor base of the Company may be diversified.

As noted in the Chairman's letter, Shareholder approval does not extend to approval of acquisitions of Shares by any third parties to whom any Notes may be transferred. Conversion of Notes transferred to third parties will remain regulated by the 20% voting power restrictions in Chapter 6 of the *Corporations Act*.

The Board will resolve in accordance with its Constitution that the maximum number of Directors is five members.

For so long as Hawkesbridge and/or HET hold in aggregate Notes entitling them on conversion to 20% of the Shares, they are entitled to have on the Board of the Company one nominee each. So long as they hold in aggregate Notes entitling them on conversion to not less than 10% of the Shares, Hawkesbridge may appoint one director to the Board of the Company.

- **Hawkesbridge Group**

Hawkesbridge has been a long term investor and supporter of the Company. The intentions of the Hawkesbridge Group in relation to the Company are set out in section 4.3. Your Directors believe that the investment objectives of the Hawkesbridge Group are aligned with those of the Company and in the best interests of the Company. Your Directors also consider that the confidence of the Hawkesbridge Group as a professional investment group in investing in the Company is a very positive indicator to the market.

Hawkesbridge will appoint Mr Vince Pierse as its representative and HET will appoint Mr Warren Riddell as its representative to the Board of the Company pursuant to the terms of the Convertible Note Deed. Both Mr Vince Pierse and Mr Warren Riddell have significant experience in working with companies like the Company. The current Board will be able to work with and draw upon the strategic and management experience of Mr Vince Pierse and Mr Warren Riddell.

- **Alignment with the Company's interests**

Although the Convertible Notes are secured, the Hawkesbridge Group is subject to similar risks in relation to retaining or increasing the value of its investment as Shareholders. The underlying assets available to the secured creditor are mostly intangible assets and their worth in a liquidation sale would be very difficult to predict. Any Shares issued on conversion of the Notes will rank *pari passu* with the Shares of Non-Associated Shareholders. Your Directors consider that the success of the investment for the Hawkesbridge Group will depend on the success of the Company.

- **Diversify Investor Base**

The Notes are transferable with the consent of the Company (not to be unreasonably withheld). Hawkesbridge and HET, with the Company's consent, could sell down the Notes issued to them which has the potential to broaden the investor base upon conversion of the Notes into Shares.

6.7 Disadvantages of the Proposed Capital Raising to Non-Associated Shareholders

The Directors consider that the disadvantages of approval of the Proposed Capital Raising to Non-Associated Shareholders are as follows:

- **Difficulty raising further capital**

The Company may face difficulty in raising further capital in the future. A lender may consider the existence of a first ranking security in favour of Hawkesbridge and HET as an obstacle to making a loan to the Company. Investors may not wish to subscribe for Shares in the Company until the ultimate shareholding of the Company is resolved after four years.

- **Market overhang**

The potential number of Shares able to be issued under the Convertible Note Deed may create the perception of a market overhang and result in downward pressure on the Share price.

- **Dilution of current shareholdings**

Over the four year term of the Convertible Note Deed there is the potential for considerable dilution of the current Shareholdings of Shareholders. Ultimately current Non-Associated Shareholders may be reduced to holding approximately 38.64% of the Shares (assuming the maximum number of Shares is issued to Ultimate Media pursuant to the Ultimate Media Agreement).

- **Potential for Change of Control**

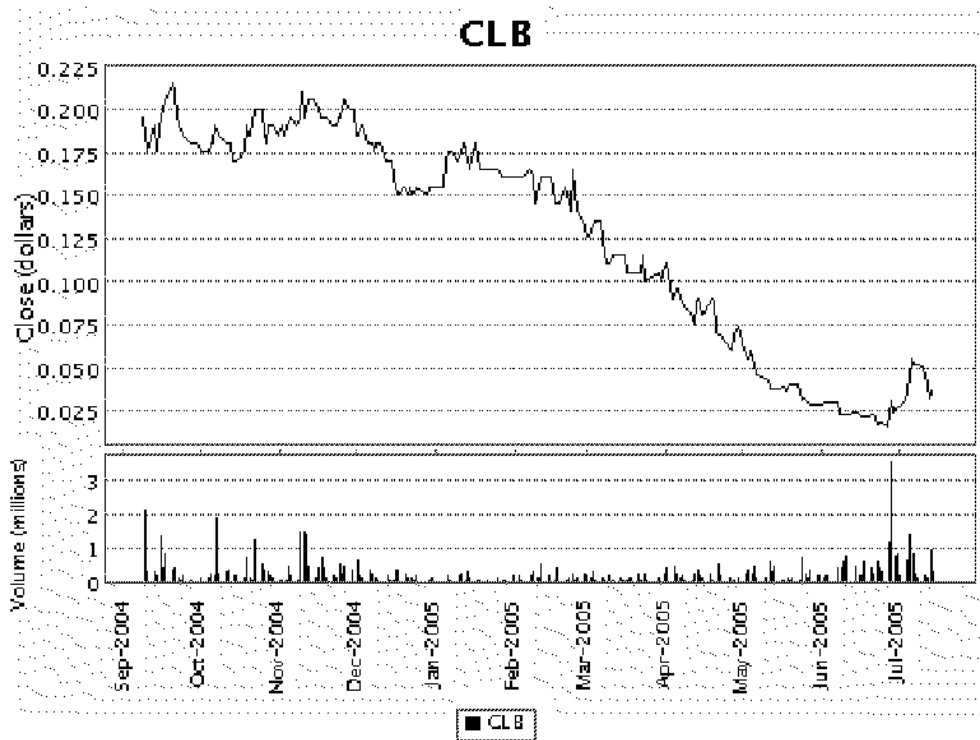
Ultimately the control of the Company is likely to change. The potential change of control of the Company, however, will be in line with Shareholder approval. Approval will only be given at the Shareholders Meeting for potential acquisitions of Shares by the Hawkesbridge Group by reference to the issue of Convertible Notes under the Convertible Note Deed.

- **Business Plans and Budgets**

It is a requirement of the Convertible Note Deed that budgets and business plans of the Company and CMI be approved by a unanimous resolution of the Board of the Company or CMI (as the case may be). For so long as Hawkesbridge and/or HET hold in aggregate Notes entitling them on conversion to 20% of the Shares, they are entitled to have on the Board of the Company one nominee each. So long as they hold in aggregate Notes entitling them on conversion to not less than 10% of the Shares, Hawkesbridge may appoint one director to the Board of the Company.

- **Other Factors**

The following table sets out the trading history of the Shares during the period September 2004 to 14 July 2005.



As at the close of business on the day immediately before the Preparation Date, Shares were trading at 3.1 cents per Share.

The issue price of Shares under the Convertible Note Deed is the lower of 2 cents per share and a 10% discount to the volume weighted average price of Shares for the 30 days immediately prior to conversion.

While the issue price reflects no premium for control it is in excess of the closing trading price of 1.5 cents current on 27 June 2005 when the funding proposal was passed through the Hawkesbridge Group's investment committee and agreed with the Company.

6.8 Risk if the Proposed Capital Raising is not approved and does not proceed

If the Proposed Capital Raising is not approved by the Non- Associated Shareholders the Company will not have sufficient working capital to operate beyond the date of the Meeting and the Directors will resolve to put the Company into administration. The Initial Loan Amount and Subsequent Loan Amount plus interest which are secured by a charge over the Company and its subsidiaries will be repayable on demand if Shareholders do not pass the Resolution. *There is virtually no likelihood in such case of a return to Shareholders in a winding up of the Company.*

6.9 Risks applicable to the Company generally

The following are risks applicable to the Company generally. The Directors considered these risks and their business plans and projections in reaching their conclusion that the Proposed Capital Raising should be accepted.

- **Competition**

The outdoor advertising industry is competitive. The Company faces competition from a number of players in the Australian and New Zealand markets and in the US market. The outdoor category is one of the smaller advertising categories but also one of the fastest growing. Approximately \$300 million is spent in Australia, and US\$5 billion in the US on

outdoor advertising each year. Forecasts for growth in outdoor advertising in the Australian market run into double digits.

- **Intellectual Property Risks**

The Company's business activities involve use of intellectual property. Intellectual property rights include rights in patents, designs, copyright and trade marks. The Company seeks to protect its intellectual property and also to defend itself against claims which may be made by third parties from time to time. In response to an allegation of infringement made in October 2004 by the owner of a recently certified innovation patent for a tabletop display advertising device, the Company commenced proceedings in the Federal Court to revoke the innovation patent. The market was informed of the commencement of these proceedings. The proceedings are being defended by the patentee, which has made a cross-claim for infringement against the Company. The Board has retained specialist patent attorney and legal advisers in relation to the proceedings. Given the low level nature of the technology the subject of the innovation patent, the Board remains optimistic that a satisfactory resolution to this dispute will occur in due course.

- **Future fundraising**

The Company will be dependent upon external funding to fund its operating costs until revenue streams are available from advertising sales in Australia and New Zealand and the US market. The availability and costs of further fundraisings will depend upon the success of the Proposed Capital Raising, market and operating circumstances and other factors prevailing at the time such funding is required.

- **Loss of Key Personnel**

The Company is dependent upon its skilled and experienced senior management team. The loss of one or more of these key individuals could create significant issues for the effective management of the business until a suitable replacement is identified. There can be no guarantee that no adverse impact will occur to the Company in the event of one or more of these personnel leaving their employment with the Company, notwithstanding that management has contingency plans to mitigate such risk.

- **Loss of Ultimate Strategic Alliance**

The Company's forecasted revenues are dependent upon the success of the strategic alliance with Ultimate Media. The Company's agreement with Ultimate Media can be terminated by Ultimate Media where there is an unrectified breach by the Company or if it is subject to an insolvency event such as becoming insolvent, being put into receivership or going into liquidation.

- **Foreign Exchange Risk**

The Company has holdings of US currency due to CMI's operations in USA. These holdings are subject to volatility in the USD:AUD foreign exchange rate.

- **Economic risk**

Movements in interest rates, currency exchange and general economic conditions of inflation, growth, and funding liquidity are all factors that may have an affect on the Company's activities and are outside the ability of the Company to control.

- **Share market risk**

The transaction trading price and volume of Shares can be volatile in response to many factors including actual or anticipated announcements by the Company or its competitors,

specific industry factors, movements in key personnel and loss of a major client. Many of these factors are outside the immediate control of the Company.

7. Material Contracts

7.1 Convertible Note Deed

On 13 July 2005 the Company and CMI entered into the convertible note deed with Hawkesbridge and HET.

Initial Loans and issue of Shares

Pursuant to the deed, on 15 July 2005, Hawkesbridge and HET loaned in equal proportions \$500,000 to the Company (**Initial Loan Amount**). Ten Business Days later, on 27 July 2005, Hawkesbridge and HET will loan in equal proportions a further \$500,000 to the Company (**Subsequent Loan Amount**). Interest accrues daily on the Initial Loan Amount and Subsequent Loan Amount (**Cash Advance**) at the rate of 10% per annum and is secured by a fixed and floating charge over the assets of the Company. The Fixed and Floating Charge Deeds were entered into on 13 July 2005.

Hawkesbridge and HET have received 1,667,468 Shares, issued in equal proportions on 15 July 2005. A further 6,332,532 Shares will be issued in equal proportions to Hawkesbridge and HET on the Completion Date (the aggregate number of such Shares is referred to as **Additional Shares**). The Additional Shares will be quoted and tradeable on the ASX.

Repayment and Tranche 1 Notes

Completion is conditional on Shareholder approval and the Company meeting certain cash flow forecasts. On the Completion Date the Company must repay the Cash Advance plus interest on the Cash Advance by issuing to Hawkesbridge and HET in equal proportions 1 million Notes plus 11,780 Notes relating to interest on the Cash Advance (assuming the Cash Advance is repaid on 1 September 2005). On the Completion Date, Hawkesbridge and HET will also subscribe in equal proportions for 1 million Notes.

If Shareholder approval is not obtained the Cash Advance plus interest is repayable by the Company on demand by Hawkesbridge and HET.

Tranche 2 Notes

Subject to agreement of the revised business plan and budget for the 2005-2006 financial year, the Company meeting certain cashflow objectives and not being in breach of the Convertible Note Deed or the Fixed and Floating Charge Deeds, Hawkesbridge and HET will subscribe in equal proportions for 654,412 Notes by 1 October 2005.

Election Notes Option

Hawkesbridge and HET have a right but not an obligation to subscribe for up to an additional 500,000 Notes (**Election Notes**) in equal proportions at any time and from time to time during the 4 year term commencing on the Completion Date (**Election Notes Option**).

Terms of the Notes

Notes bear simple interest at 10% per annum and are redeemable or convertible into Shares at the election of the Note Holder up to the 4th anniversary of the Completion Date.

The conversion price is at the lower price of 2 cents per Share and a 10% discount to the volume weighted average price of the Company's Shares for the 30 day period immediately prior to conversion.

The number of Shares issued on conversion of Notes is calculated on the face value of the Notes plus accrued interest payable on the date of conversion.

The Notes will not be listed on the ASX.

The Notes are transferable by Hawkesbridge or HET to another trustee of the relevant Fund or transferable to a third party with the consent of the Company, such consent to not be unreasonably withheld.

In the event of default by the Company including an insolvency event or a breach by the Company or its subsidiaries of the Convertible Note Deed or the Fixed and Floating Charge Deeds, the Note Holder has the option to redeem the Notes and/or convert them into Shares.

Redemption of the Notes is secured by the Fixed and Floating Charge Deed.

Board Nominees

For so long as Hawkesbridge and/or HET hold in aggregate Notes entitling them on conversion to 20% of the Shares, they are entitled to have on the Board of the Company one nominee each. So long as they hold in aggregate Notes entitling them on conversion to not less than 10% of the Shares, Hawkesbridge may appoint one director to the Board of the Company. The Board will resolve in accordance with its Constitution that the maximum number of Directors is five.

Business Plans and Budgets

During the term of the Notes and for so long as Hawkesbridge and/or HET hold Notes, the Convertible Note Deed requires that the Boards of Company and CMI must unanimously approve a budget and business plan for each financial year. The Company and CMI must also provide regular management and financial reports to Hawkesbridge and HET including on a monthly, quarterly and half yearly basis to allow Hawkesbridge and HET to monitor the efficient conduct of business.

7.2 Fixed and Floating Charge Deeds

The Company entered into a fixed and floating charge deed with each of Hawkesbridge and HET on 13 July 2005. The deeds contain standard terms and conditions for the nature of the security granted. Under these documents the Company grants a fixed and floating charge over all of the assets and undertaking of the Company securing all monies advanced to the Company by Hawkesbridge and HET (as the case may be) from time to time under the Convertible Note Deed, the Fixed and Floating Charge Deeds and other documents as agreed.

Secured monies provided under the Initial Loan Amount and Subsequent Loan Amount plus interest are repayable on demand by Hawkesbridge and HET if Shareholders do not pass the Resolution.

If an "event of default" occurs then Hawkesbridge and/or HET as a Note Holder can redeem the Notes and/or convert into the Notes into Shares, the charge crystallises as a fixed charge and Hawkesbridge and HET can exercise their powers as a chargee under the relevant Fixed and Floating Charge Deed to enforce the security.

An "event of default" occurs if:

- the Company does not obtain Shareholder approval of the Resolution by 13 October 2005;

- an insolvency event occurs in relation to a material part of its property;
- the Company or any subsidiary is in material breach of its obligations under the Convertible Note Deed or the Fixed and Floating Charge Deeds and does not remedy the failure within 10 Business Days of notice.

The charges are each first ranking charges over the Company and will be registered with ASIC.

7.3 Ultimate Media Agreement

Details of the Company's entry into this agreement were announced to the market on 31 March 2005.

On 31 March 2005 the Company entered into the strategic alliance agreement with Ultimate Media under which each party can leverage each other's sales and marketing expertise.

The terms of the agreement are summarised below:

- Ultimate Media is appointed the Company's agent on an exclusive basis for the Australian and New Zealand territories to sell tabletop advertising to generate revenue for the Company;
- the Company pays Ultimate Media a commission calculated by reference to advertising sales;
- the term of the agreement is five years;
- the agreement provides Ultimate Media with the right to earn up to 19.9% of the Company's issued share capital (based on the share capital at the time of the agreement of 122,280,968 Shares) if Ultimate Media achieves or exceeds annual sales targets for the five financial years commencing financial year 2005/06. That is, annual sales targets have been set for the years ending 30 June 2006, 30 June 2007, 30 June 2008, 30 June 2009 and 30 June 2010;
- Shares are issued to Ultimate Media after the end of the relevant financial year in which Ultimate Media meets or exceeds its annual sales target;
- the number of Shares issued to Ultimate Media is scaled back on a proportionate basis if Ultimate Media does not achieve its relevant annual sales target;
- Shares issued to Ultimate Media will be subject to a voluntary escrow period of 12 months from the date of issue;
- the issue of the last two tranches of Shares to Ultimate Media are subject to Shareholder approval under Listing Rule 7.1;
- if Shareholders do not approve the issue of Shares to Ultimate Media for the last 2 tranches, the Company must pay Ultimate Media the cash equivalent of the number of Shares to which Ultimate Media is entitled to be issued for sales targets achieved for the financial year 2008/09 and 2009/10 based on an issue price of the volume weighted average market price of Shares sold on the ASX over the 12 month period of the relevant financial year.

The potential maximum number of Shares which may be issued to Ultimate Media under this agreement is 30,379,417 Shares in the following numbers and by reference to the following performance years:

Year	Performance Year	Maximum Number of Shares which can be issued
One	1 July 2005 to 30 June 2006	5, 095,040
Two	1 July 2006 to 30 June 2007	5,538,087
Three	1 July 2007 to 30 June 2008	6,041,550
Four	1 July 2008 to 30 June 2009	6,616,935
Five	1 July 2009 to 30 June 2010	7,087,804

Shareholders will be asked to approve the proposed future issue of Shares to Ultimate Media under this agreement for the purposes of Listing Rule 7.1 at the Company's annual general meeting in November 2005.

8. Glossary

Additional Shares means the Initial Additional Shares and the Further Additional Shares, being a total of 8 million Shares issued to Hawkesbridge and HET in equal proportions.

Associate has the same meaning as in the *Corporations Act*.

Board means the Directors of the Company.

Cash Advance means the aggregate of the Initial Loan Amount and the Subsequent Loan Amount.

CMI means Creatable Media Inc, incorporated in the United States of America and a wholly-owned subsidiary of the Company.

Company means Creatable Media Limited ABN 71 099 247 408 with ASX Code 'CLB'.

Completion means the date upon which the Convertible Note Deed becomes unconditional, being the date no later than 2 Business Days after the date of the Meeting at which Shareholders pass the Resolution.

Completion Date means that date on which Completion occurs.

Convertible Notes means the 2,666,192 secured convertible notes to be issued to Hawkesbridge and HET in equal proportions plus the further 500,000 secured convertible notes which may be issued under the Election Notes Option, at an issue price of \$1 each pursuant to the terms and conditions of the Convertible Note Deed if the Resolution is passed.

Convertible Note Deed means the deed between the Company, CMI and Hawkesbridge and HET dated 13 July 2005.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means Mr Scott Walters, CEO, Mr Carl Olsen, Chair and Mr Siimon Reynolds.

Election Notes means up to 500,000 Notes issued after exercise of the Election Notes Option.

Election Notes Option means the right granted by the Company to Hawkesbridge and HET to inject up to a further \$500,000 by the issue of up to 500,000 Convertible Notes in equal proportions pursuant to the Convertible Note Deed.

Fixed and Floating Charge Deeds means (a) the fixed and floating charge deed dated 13 July 2005 between the Company as chargor and Hawkesbridge as chargee and (b) the fixed and floating charge deed dated 13 July 2005 between the Company as chargor and HET as chargee.

Further Additional Shares means 6,332,532 Shares issued in equal proportion to Hawkesbridge and HET.

Hawkesbridge means Hawkesbridge Limited ABN 96 091 160 879 as trustee of the Hawkesbridge Enterprise Trust.

Hawkesbridge Group means the Hawkesbridge Private Equity group.

HET means HET No. 1 Pty Limited ACN 112 150 188 as trustee of the Hawkesbridge Enterprise Trust No. 1A.

Initial Additional Shares means 1,667,468 Shares issued in equal proportion to Hawkesbridge and HET.

Initial Loan Amount means the secured amount of \$500,000 provided by Hawkesbridge and HET on 15 July 2005;

Non-Associated Shareholders means the shareholders of the Company who are not excluded from voting on the Resolution.

Note or a Convertible Note means a secured convertible note of \$1 each issued under the Convertible Note Deed.

Note Holder means a 27 July 2005.

Proposed Capital Raising means the proposed allotment and issue of the Convertible Notes pursuant to the Convertible Note Deed including the Election Notes Option and the allotment and issue of the Additional Shares to Hawkesbridge and HET in equal proportions.

Related Bodies Corporate has the meaning defined in section 9 of the Corporations Act 2001 (Cth).

Relevant Interest has the meaning defined in section 9 of the Corporations Act 2001 (Cth).

Resolution means the ordinary resolution set out in the attached Notice of Meeting.

Shareholders means the shareholders of the Company.

Share means an issued fully paid ordinary share in the capital of the Company.

Subsequent Loan Amount means the secured amount of \$500,000 to be provided by Hawkesbridge and HET on 27 July 2005;

Ultimate Media means Ultimate Media Group Pty Limited ACN 093 233 768.

Ultimate Media Agreement means the agreement dated 31 March 2005 between the Company and Ultimate Media.

voting power has the meaning provided in the Corporations Act 2001 (Cth).

Creatable Media Limited
ABN 71 099 247 408

PROXY FORM

Creatable Media Limited
ABN 71 099 247 408

I/We.....
(PLEASE PRINT NAME)

Of.....
(ADDRESS)

being a member/members of Creatable Media Limited

A Appoint
(PLEASE PRINT NAME)

or failing the person so named (or if no person is named) the **Chairman of the Meeting [if appointing the Chairman see B below]** as proxy to vote in accordance with the following directions (or if no directions have been given as the proxy or the Chairman sees fit) at the General Meeting of members of Creatable Media Limited to be held on Thursday 1 September 2005 commencing at 10.00am and at any adjournment.

B Exercise of Proxy by Chairman

For undirected proxies, the Chairman intends to vote in favour of each resolution. If you do not wish to direct your proxy how to vote, please place a mark in the box. By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.



C Business

For Against Abstain

Resolution 1 – Convertible Note Deed

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D If Appointing a Second Proxy

State here the percentage of your voting rights

	%
--	---

or

the number of shares applicable to this Form

	Number
--	---------------

E Insert your daytime telephone number

(S T D)
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F Signature(s)

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Signatures if Corporate Shareholder (See Note F)

Executed in accordance with section 127 of the Corporations Act

Director/Sole Director sign and print name

Director/Secretary sign and print name

Note: For your proxy to be entitled to vote your shares at the Meeting, the completed Proxy Form must be received by the Company not later than 48 hours prior to the Meeting.

Creatable Media Limited

ABN 71 099 247 408

INSTRUCTION FOR COMPLETION OF PROXY FORM

Your vote is important. Please direct your proxy how to vote. For your proxy to be entitled to vote your shares at the Meeting, the completed Proxy Form must be received by the Company not later than 48 hours prior to the Meeting. Any proxy received after this deadline will be treated as invalid.

A. Appoint

Insert here the name of the person you wish to appoint as proxy. Members cannot appoint themselves. If you submit a Proxy Form, which does not name a person to act as your proxy, the Chairman of the Meeting will act as your proxy. You can vote your shares by proxy even if you plan to attend the Meeting.

B. Exercise of Proxy by Chairman

For undirected proxies, Chairman intends to vote in favour of each resolution. If you do not wish to direct your proxy how to vote, please place a mark in the box. By marking the box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.

C. Business

If you wish to direct your proxy how to vote on any item, place a mark in the appropriate box. If a mark is placed in a box, your total shareholding will be voted in that manner. You may, if you wish, split your voting direction by inserting the number of shares you wish to vote in the appropriate box. The vote will be invalid if a mark is made against more than one box for a particular item or if the total shareholding shown in "For", "Against" and "Abstain" boxes is more than your total shareholding on the share register.

D. If Appointing a Second Proxy

A member is entitled to appoint up to two persons (whether members or not) to attend the Meeting as proxies and vote. If you wish to appoint two proxies please photocopy your proxy form or obtain another proxy form by calling the Company Secretary on (02) 9252 1933. Both Forms should be completed with the nominated percentage of your voting rights or number of shares on each Form. If you do not specify the nominated percentage of your voting rights or number of shares, each of the proxies may exercise half of the votes. Please return these Proxy Forms together.

E. Insert your daytime telephone number

This is required in case we need to contact you.

F. Signature(s)

This Form must be signed by the member. If the member is an Australian corporation, the Form must be executed in accordance with section 127 of the Corporations Act or by an attorney. If this Form is signed by a person who is not the registered shareholder then the relevant authority must either have been exhibited previously to the Company or be enclosed with this Form.

Further Important Information

Please return your completed Proxy Form to the Company Secretary c/- Australian Company Secretaries Pty Ltd, at Level 5, 255 George Street, Sydney, NSW, 2000 (GPO Box 4231, Sydney, NSW, 2001). Alternatively, your Form can be faxed to the Company on (02) 9252 2487. To be effective, the Form must be received by the Company at the above address not later than 48 hours prior to the Meeting. If you require further information on how to complete the Proxy Form, telephone the Company Secretary on (02) 9252 1933.