ENVIROZEL Limited

ABN 87 010 550 357

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the members of Envirozel Limited ACN 010 550 357 (**"Company"**) will be held at **Level 7, 114 William Street, Melbourne, Victoria, at 10.00 am on Tuesday 29 November 2005**.

BUSINESS

General Business

1 FINANCIAL REPORT

To consider and receive the annual financial statements, the directors' report and audit report of the Company.

2 RE-ELECTION OF GORDON MCKERN

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

"That, having retired pursuant to the Constitution of the Company, Gordon McKern be re-elected as a director."

For an explanation of these resolutions, see the Explanatory Memorandum that forms part of this Notice.

3 RE-ELECTION OF PETER JONES

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

"That, having retired pursuant to the Constitution of the Company, Peter Jones be re-elected as a director."

For an explanation of these resolutions, see the Explanatory Memorandum that forms part of this Notice.

4. APPROVAL OF PREVIOUS ISSUE OF SECURITIES [ASX Listing Rule 7.4]

To consider and (if thought fit) to pass, with or without modification, the following resolution:

> *"That the Company approves and ratifies the issue and allotment of a total of 1,500,000 fully paid Ordinary Shares to the Catholic Church Insurances Ltd at an issue price of $0.10 per share with the intention to use the funds as working capital."*

The Company will disregard any votes cast on this resolution by:

- Catholic Church Insurances Ltd; and
- any associate of Catholic Church Insurances Ltd.

However, the Company need not disregard a vote if:

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

5. APPROVAL OF PREVIOUS ISSUE OF SECURITIES [ASX Listing Rule 7.4]

To consider and (if thought fit) to pass, with or without modification, the following resolution:

> *"That the Company approves and ratifies the issue and allotment of a total of 10,899,242 fully paid Ordinary Shares to the following investors at an issue price of $0.05 per share with the intention to use the funds as working capital."*

Table 1.

Issued to	Funds Received	No. Allotted
JPS Distribution	25,000.00	500,000
R&R Oram Pty Ltd	20,000.00	400,000
Linsmith Pharmaceuticals Pty Ltd	50,000.00	1,000,000
Smithley Investments Pty Ltd	50,000.00	1,000,000
Linwierik Investments Pty Ltd	50,000.00	1,000,000
Albert John Pty Ltd	20,000.00	400,000
Peter Noel Stock	20,000.00	400,000
Kowsands Pty Ltd	5,000.00	100,000
Paul Simon Van Heerwaarden & Heather Lee Van Heerwaarden	3,750.00	75,000
Cothwill Pty Ltd	15,000.00	300,000
Tarnagulla Nominees Pty Ltd	20,000.00	400,000
Gary Ireland	40,000.00	800,000
BA&LE Amarant Pty Ltd Superannuation Acc	50,000.00	1,000,000
James John Ischia	96,212.10	1,924,242
Rosgai Pty Ltd	20,000.00	400,000
Elliott Family Superannuation Fund P/L	10,000.00	200,000
Gemerl Nominees Pty Ltd	20,000.00	400,000
Linda Ann Wilkins	10,000.00	200,000
Timothy James Wilkins	10,000.00	200,000
Paul Charles Wilkins	10,000.00	200,000
Total	**544,962.1**	**10,899,242**

The Company will disregard any votes cast on this resolution by:

- the persons noted in **Table 1.**, above; and
- any associate of any person (or persons) named in **Table 1**.

However, the Company need not disregard a vote if:

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

6. APPROVAL OF ISSUE OF SECURITIES TO CAMERON RICHARD PTY LTD [ASX Listing Rule 10.11.1]

To consider and (if thought fit) to pass, with or without modification, the following resolution:

"That the Company is authorised to issue 4,192,500 Ordinary Shares to Cameron Richard Pty Ltd by 28 December 2005 at the issue price of $0.05 per Ordinary Share with the intention to use the funds as working capital."

The Company will disregard any votes cast on this resolution by:
- Cameron Richard Pty Ltd;
- any associate of Cameron Richard Pty Ltd;
- Peter Jones; and
- any associate of Peter Jones.

However, the Company need not disregard a vote if:
- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

7. APPROVAL OF ISSUE OF SECURITIES TO C.G.C. SUPERANNUATION FUND [ASX Listing Rule 10.11.1]

To consider and (if thought fit) to pass, with or without modification, the following resolution:

"That the Company is authorised to issue 641,667 Ordinary Shares to Charles Geoffrey Coleman as trustee of the C.G.C. Superannuation Fund by28 December 2005 at the issue price of $0.05 per Ordinary Share with the intention to use the funds as working capital."

The Company will disregard any votes cast on this resolution by:
- Charles Geoffrey Coleman;
- any associate of Charles Geoffrey Coleman;
- any other trustee or person with an interest in the C.G.C. Superannuation Fund; and
- any associate of any trustee or other person with an interest in the C.G.C. Superannuation Fund.

However, the Company need not disregard a vote if:
- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

8. APPROVAL OF ISSUE OF SECURITIES TO GORDON McKERN [ASX Listing Rule 10.11.1]

To consider and (if thought fit) to pass, with or without modification, the following resolution:

"That the Company is authorised to issue 2,000,000Ordinary Shares to Gordon McKern or the trustee of Gordon McKern's nominated superannuation fund by 28 December 2005 at the issue price of $0.05 per Ordinary Share with the intention to use the funds as working capital."

The Company will disregard any votes cast on this resolution by:

- Gordon McKern;
- any associate of Gordon McKern;
- the trustee or any other person with an interest in any superannuation fund associated with Gordon McKern; and
- any associate of any trustee or other person with an interest in any superannuation fund associated with Gordon McKern.

However, the Company need not disregard a vote if:

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

9. APPROVAL OF ISSUE OF SECURITIES TO POWIS ENTERPRISES PTY LTD [ASX Listing Rule 10.11.1]

To consider and (if thought fit) to pass, with or without modification, the following resolution:

"That the Company is authorised to issue 2,000,000 Ordinary Shares to Powis Enterprises Pty Ltd by 28 December 2005 at the issue price of $0.05 per Ordinary Share with the intention to use the funds as working capital."

The Company will disregard any votes cast on this resolution by:

- Powis Enterprises Pty Ltd;
- any associate of Powis Enterprises Pty Ltd;
- Andrew Powis; and
- any associate of Andrew Powis

However, the Company need not disregard a vote if:

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

10. CONVERTIBLE LOAN WITH GORDON MCKERN

To consider and (if thought fit) to pass, with or without modification, the following resolution:

> *"That the Company approves the variation by 28 December 2005 of the terms and conditions of a loan agreement for the total principal sum of $140,000 made between the Company as borrower and Gordon McKern as lender so as to grant Gordon McKern a right to convert during the term of the loan the principal sum or any part thereof outstanding from time to time under the said loan into the issue and allotment of Ordinary Shares in the share capital of the Company at an issue price of $0.05 per Ordinary Share in full and final discharge of the Company's obligation to repay the outstanding principal sum or such part of it as may be so converted from time to time."*

The Company will disregard any votes cast on this resolution by:
- Gordon McKern; and
- any associate of Gordon McKern.

However, the Company need not disregard a vote if:
- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

11. CONVERTIBLE LOAN WITH CHARLES GEOFFREY COLEMAN

To consider and (if thought fit) to pass, with or without modification, the following resolution:

> *"That the Company approves the variation by 28 December 2005 of the terms and conditions of a loan agreement for the total principal sum of $60,000 made between the Company as borrower and Charles Geoffrey Coleman as lender so as to grant Charles Geoffrey Coleman a right to convert during the term of the loan the principal sum or any part thereof outstanding from time to time under the said loan into the issue and allotment of Ordinary Shares in the share capital of the Company at an issue price of $0.05 per Ordinary Share in full and final discharge of the Company's obligation to repay the outstanding principal sum or such part of it as may be so converted from time to time."*

The Company will disregard any votes cast on this resolution by:

- Charles Geoffrey Coleman; and
- any associate of Charles Geoffrey Coleman.

However, the Company need not disregard a vote if:

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

12. ISSUE OF SHARES TO AUSTRALIAN ETHICAL INVESTMENTS LIMITED

To consider and (if thought fit) to pass, with or without modification, the following resolution:

> *"That the Company approves the variation by 28 February 2006 of the terms and conditions of a Convertible Loan Agreement dated on or about 27 March 1998 (as amended from time to time) made between the Company and Australian Ethical Investments Limited in the manner set out in the Explanatory Memorandum that forms part of the Company's notice of annual general meeting including to vary the conversion price for conversion of the principal outstanding from time to time into Ordinary Shares in the share capital of the Company from $0.25 to $0.05 per Ordinary Share."*

The Company will disregard any votes cast on this resolution by:

- the Australian Ethical Investments Ltd; and
- any associate of Australian Ethical Investments Ltd.

However, the Company need not disregard a vote if:

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

13. APPROVAL OF ISSUE OF FURTHER SECURITIES [ASX Listing Rule 7.1]

To consider and (if thought fit) to pass, with or without modification, the following resolution:

> *"That the Company approves the issue and allotment of up to 8,040,000 Ordinary Shares during the period commencing 29 November 2005 and ending on 28 February 2006 (both dates inclusive) at an issue price of $0.05 per Ordinary Share to the following persons with the intention to use the funds as working capital:*

Name of Proposed Allottee	***No. of Ordinary Shares to be allotted***
Cothwill Pty Ltd	*400,000*
Trudy Ann Madsen	*2,000,000*
Curran Investments Pty Ltd	*1,400,000*
Laurence Gerard Curran and Alison Maree Curran	*600,000*
Joseph Manitta and Sandra Manitta	*200,000*
Linwierik Investments Pty Ltd	*1,000,000*
Gordon Francis Cumming and Joan Caroline Cumming	*100,000*
Neil Leslie Marshall and Suzanne Irene Marshall	*200,000*
Flab Pty Ltd	*100,000*
Smithley Investments Pty Ltd	*1,000,000*
Lynn Maree Jones	*800,000*
Hallmark Quest Pty Ltd	*240,000*
Total	***8,040,000***

The Company will disregard any votes cast on this resolution by:

- the persons named as proposed allotees in resolution 13, above; and
- any associate of the persons named as proposed allottees in resolution 13.

However, the Company need not disregard a vote if:

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

14. CANCELLATION OF OPTIONS ISSUED

To consider and (if thought fit) to pass, with or without modification, the following resolution:

"That:

*(a) the Company approves the cancellation of the following options to acquire Ordinary Shares in the unissued share capital of the Company ("**Options**"):*

(i) 253,571 unlisted Options issued to Sandhurst Trustees Limited as custodian for Australian Ethical Investments Limited;

(ii) 1,093,529 unlisted Options issued to Sandhurst Trustees Limited as custodian for Australian Ethical Investments Limited; and

(iii) 10,000,000 unlisted Options issued to Terrain Capital Limited; and

(b) the Company's Board of Directors be authorized to take such steps as are necessary to cancel or otherwise complete the cancellation of the Options (as the case may be) as soon as practicable."

The Company will disregard any votes cast on this resolution by:

- Sandhurst Trustees Limited;
- any associate of Sandhurst Trustees Limited;
- Australian Ethical Investments Ltd;
- any associate of Australian Ethical Investments Ltd;
- Terrain Capital Limited;
- any associate of Terrain Capital Limited;
- Gordon McKern; and
- any associate of Gordon McKern.

However, the Company need not disregard a vote if:

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

By order of the Board:

Ian Wallace
Company Secretary

NOTES

1. A member entitled to attend and vote at the General Meeting is entitled to appoint not more than two proxies to vote instead of the member.

2. A member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise one half of the member's votes.

3. A proxy need not be a member of the Company.

4. The proxy form must be signed by the member or the member's attorney. Proxies given by corporations must be executed under seal or signed under the hand of a duly authorised officer or attorney.

5. To be valid, the enclosed proxy form and the power of attorney or other authority (if any) under which it is signed (or an attested copy of it) must be lodged at the registered office of the Company or with the share registry of the Company:

   a) at the offices of Computershare Investor Services Pty Limited, Yarra Falls, 452 Johnston Street, Victoria 3067, or on fax number (03) 9473 2555; or

   b) at the registered office of the Company, Suite 3, Level 6, 443 Little Collins Street, Melbourne VIC 3000, or on fax number (03) 9670 6670.

   not later than 48 hours before the time for commencement of the meeting.

6. A person may attend the meeting under an appointment of corporate representative pursuant to section 250D of the Corporations Law or Power of Attorney only if a copy of that appointment or Power of Attorney is provided to the share registrars of the Company before the meeting. Documents can be provided by post or facsimile as follows:

   a) at the offices of Computershare Investor Services Pty Limited, Yarra Falls, 452 Johnston Street, Victoria 3067, by mail to GPO Box 242, Melbourne Victoria 3001; or

   b) by faxing it to the offices of Computershare Investor Services Pty Ltd on fax number (03) 9473 2555.

EXPLANATORY MEMORANDUM

Introduction.

The following information provides a detailed explanation on each resolution set out in the Notice of General Meeting.

Item 1 – Financial report.

The first item of business on the notice of meeting relates to the receiving of the audited financial statements of the Company for the year ended 30 June 2005.

Resolution 2 – Re-appointment of director.

The Company's Constitution requires one third of the directors (other than the CEO) to retire at each AGM, being the directors longest in office at the date of the AGM. Mr McKern must therefore retire and has offered himself for re-election.

Resolution 3 – Re-appointment of director.

The Company's Constitution requires one third of the directors (other than the CEO) to retire at each AGM, being the directors longest in office at the date of the AGM. Mr Jones must therefore retire and has offered himself for re-election.

Resolution 4 - Approval of Previous Issue of Securities

Resolution 4, if passed, will approve the share placement to Catholic Church Insurances Ltd that took place in April 2005 in order to raise funds necessary to provide working capital. Approval of this allotment allows the Company to retain the ability to issue further shares in the next 12 month period without exceeding 15% of issued capital.

Voting Exclusion

The Company will disregard any votes cast on this resolution by:

- Catholic Church Insurances Ltd; and
- any associate of Catholic Church Insurances Ltd.

However, the Company need not disregard a vote if:

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

Resolution 5 - Approval of Previous Issue of Securities

Resolution 5, if passed, will approve the share placement to the parties listed below that took place between August and October 2005 in order to raise funds necessary to provide working capital.

Approval of this allotment allows the Company to retain the ability to issue further shares in the next 12 month period without exceeding 15% of issued capital.

Table 1.

Issued to	Funds Received	No. Allotted
JPS Distribution	25,000.00	500,000
R&R Oram Pty Ltd	20,000.00	400,000
Linsmith Pharmaceuticals Pty Ltd	50,000.00	1,000,000
Smithley Investments Pty Ltd	50,000.00	1,000,000
Linwierik Investments Pty Ltd	50,000.00	1,000,000
Albert John Pty Ltd	20,000.00	400,000
Peter Noel Stock	20,000.00	400,000
Kowsands Pty Ltd	5,000.00	100,000
Paul Simon Van Heerwaarden & Heather Lee Van Heerwaarden	3,750.00	75,000
Cothwill Pty Ltd	15,000.00	300,000
Tarnagulla Nominees Pty Ltd	20,000.00	400,000
Gary Ireland	40,000.00	800,000
BA&LE Amarant Pty Ltd Superannuation Acc	50,000.00	1,000,000
James John Ischia	96,212.10	1,924,242
Rosgai Pty Ltd	20,000.00	400,000
Elliott Family Superannuation Fund P/L	10,000.00	200,000
Gemerl Nominees Pty Ltd	20,000.00	400,000
Linda Ann Wilkins	10,000.00	200,000
Timothy James Wilkins	10,000.00	200,000
Paul Charles Wilkins	10,000.00	200,000
Total	**544,962.1**	**10,899,242**

The Company will disregard any votes cast on this resolution by:

- Any of the parties listed above; and
- any associate of the parties.

However, the Company need not disregard a vote if:

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

Resolution 6 - Approval of Issue of Securities to Cameron Richard Pty Ltd.

Mr Peter Jones has an interest in Cameron Richard Pty Ltd and is a Director of the Company. Neither Mr Jones nor any associate of his may vote on this resolution. The proceeds of the share issue will be used to fund working capital.

Each Director of the Company recommends approval of this resolution by members because the issue of Ordinary Shares will provide working capital for the Company.

None of the Directors (other than Peter Jones) has an interest in the outcome of this resolution.

If the resolution is approved, Peter Jones will have a total interest (directly or indirectly) in 6,082,500 Ordinary Shares of the Company.

The Company will disregard any votes cast on this resolution by:

- Cameron Richard Pty Ltd;
- any associate of Cameron Richard Pty Ltd;
- Peter Jones; and
- any associate of Peter Jones.

However, the Company need not disregard a vote if:

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

Resolution 7 - Approval of Issue of Securities to C.G.C. Superannuation Fund

Mr Charles Geoffrey Coleman has an interest in the C.G.C. Superannuation Fund. Mr Coleman is also a Director of the Company. Neither Mr Coleman nor any associate of his may vote on this resolution. The proceeds of the share issue will be used to fund working capital.

Each Director of the Company recommends approval of this resolution by members because the issue of Ordinary Shares will provide working capital for the Company.

None of the Directors (other than Charles Geoffrey Coleman) has an interest in the outcome of this resolution.

If this resolution is approved and resolution 11 is also approved, Charles Geoffrey Coleman will have a total interest (directly or indirectly) in 1,841,667 Ordinary Shares of the Company upon the issue and allotment of the Ordinary Shares under this resolution and conversion into Ordinary Shares of the whole of the principal sum outstanding (based on the sum outstanding as at 30 September 2005) under the loan described below in relation to resolution 11.

The Company will disregard any votes cast on this resolution by:

- Charles Geoffrey Coleman;
- any associate of Charles Geoffrey Coleman;
- any other trustee or person with an interest in the C.G.C. Superannuation Fund; and
- any associate of any trustee or other person with an interest in the C.G.C. Superannuation Fund.

However, the Company need not disregard a vote if:

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

Resolution 8 - Approval of Issue of Securities to Gordon McKern

Mr Gordon McKern wishes to have 2,000,000 Ordinary Shares in the share capital of the Company issued to either himself or the trustee of his nominated superannuation fund. Mr McKern has not nominated a superannuation fund at the date of this notice of meeting and may not do so, electing instead to take the legal and beneficial interest in the 2,000,000 Ordinary Shares proposed to be issued under this resolution 8 in his own right. Mr McKern is also a Director of the Company. Neither Mr McKern or any associate of his may vote on this resolution. The issue will be used to fund working capital.

Each Director of the Company recommends approval of this resolution by members because the issue of Ordinary Shares will provide working capital for the Company.

None of the Directors (other than Gordon McKern) has an interest in the outcome of this resolution.

If this resolution is approved and resolution 10 is also approved, Gordon McKern will have a total interest (directly or indirectly) in 6,000,250 Ordinary Shares of the Company upon the issue and allotment of the Ordinary Shares under this resolution and conversion into Ordinary Shares of the whole of the principal sum outstanding (based on the sum outstanding as at 30 September 2005) under the loan described below in relation to resolution 10.

The Company will disregard any votes cast on this resolution by:

- Gordon McKern;
- any associate of Gordon McKern;
- the trustee or any other person with an interest in any superannuation fund associated with Gordon McKern; and
- any associate of any trustee or other person with an interest in any superannuation fund associated with Gordon McKern.

However, the Company need not disregard a vote if:

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

Resolution 9 - Approval of Issue of Securities to Powis Enterprises Pty Ltd

Mr Andrew Powis has an interest in Powis Enterprises Pty Ltd and is a Director of Envirozel Limited. Neither Mr Powis nor any associate of his may vote on this resolution. The issue will be used to fund working capital.

Each Director of the Company recommends approval of this resolution by members because the issue of Ordinary Shares will provide working capital for the Company.

None of the Directors (other than Andrew Powis) has an interest in the outcome of this resolution.

If the resolution is approved, Andrew Powis will have a total interest (directly or indirectly) in 11,302,198 Ordinary Shares of the Company.

The Company will disregard any votes cast on this resolution by:

- Powis Enterprises Pty Ltd;
- any associate of Powis Enterprises Pty Ltd;
- Andrew Powis; and
- any associate of Andrew Powis.

However, the Company need not disregard a vote if:

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

Resolution 10 - Approval of a convertible loan with Gordon McKern

In September 2004 Mr Gordon McKern, a Director of the Company, advanced the sum of $100,000 to the Company. The terms of the loan were as follows:

- interest payable at the rate of 10% per annum, with interest payable quarterly in arrears
- the loan was unsecured
- the loan is repayable on 30 September 2007

Mr McKern advanced a further $40,000 in August 2005 to assist the cash flow of the company on the same terms and conditions as noted above. The current total amount outstanding to Mr McKern is $140,000.

Mr McKern is desirous of having the ability to convert this loan into Ordinary Shares in the company, at any stage during the term of the loan, at Mr McKern's discretion.

The Company seeks shareholder approval to vary the terms of the existing loan arrangement, to allow Mr McKern to convert from time to time the outstanding principal of his loan, in full or in part and at any stage during the term of his loan, into Ordinary Shares in the company at a conversion price of $0.05 per share. All existing terms and conditions attaching to the loan would remain unaltered.

Each Director of the Company recommends approval of this resolution by members because the overall welfare of the Company will be improved for the following reasons if the loan or any part of it is converted into Ordinary Shares:

- the Company's interest costs on the loan will be reduced or, if the whole of the outstanding principal is converted, extinguished;
- the Company's liability to repay principal will be reduced or, if the whole of the outstanding principal is converted, extinguished;
- the issue of Ordinary Shares will improve the working capital and cashflow of the Company.

None of the Directors (other than Gordon McKern) has an interest in the outcome of this resolution.

If the resolution is approved and resolution 8 is also approved, Gordon McKern will have a total interest (directly or indirectly) in 6,000,250 Ordinary Shares of the Company upon the issue and allotment of the Ordinary Shares under resolution 8 and conversion into Ordinary Shares of the whole of the principal sum outstanding (based on the sum outstanding as at 30 September 2005) under the loan described in resolution 10.

The Company will disregard any votes cast on this resolution by:

- Gordon McKern; and
- any associate of Gordon McKern.

However, the Company need not disregard a vote if:

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

Resolution 11 - Approval of a convertible loan with Charles Geoffrey Coleman

In September 2004 Mr Charles Geoffrey Coleman, a Director of Envirozel Limited, advanced the Company $50,000. The terms of the loan were as follows:

- interest payable at the rate of 10% per annum, with interest payable quarterly in arrears
- the loan was unsecured
- the loan is repayable on 30 September 2007

Mr Coleman advanced a further $10,000 in August 2005 to assist the cash flow of the company on the same terms and conditions as noted above. The current total amount outstanding to Mr Coleman is $60,000.

Mr Coleman is desirous of having the ability to convert this loan into ordinary shares in the company, at any stage during the term of the loan, at Mr Coleman's discretion.

The Company seeks shareholder approval to vary the terms of the existing loan arrangement, to allow Mr Coleman to convert his loan, in full or in part and at any stage during the term of his loan, into ordinary shares in the company at a conversion price of $0.05 per share. All existing terms and conditions attaching to the loan would remain unaltered.

Each Director of the Company recommends approval of this resolution by members because the overall welfare of the Company will be improved for the following reasons if the loan or any part of it is converted into Ordinary Shares:

- the Company's interest costs on the loan will be reduced or, if the whole of the outstanding principal is converted, extinguished;
- the Company's liability to repay principal will be reduced or, if the whole of the outstanding principal is converted, extinguished;
- the issue of Ordinary Shares will improve the working capital and cashflow of the Company.

None of the Directors (other than Charles Geoffrey Coleman) has an interest in the outcome of this resolution.

If the resolution is approved and resolution 7 is also approved, Charles Geoffrey Coleman will have a total interest (directly or indirectly) in 1,841,667 Ordinary Shares of the Company upon the issue and allotment of the Ordinary Shares under resolution 7 and conversion into Ordinary Shares of the whole of the principal sum outstanding (based on the sum outstanding as at 30 September 2005) under the loan described in resolution 11.

The Company will disregard any votes cast on this resolution by:

- Charles Geoffrey Coleman; and
- any associate of Charles Geoffrey Coleman.

However, the Company need not disregard a vote if:

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

Resolution 12 - Approval of Issue of shares to Australian Ethical Investments Limited

Envirozel Limited entered into a Convertible Loan Agreement dated on or about 27 March 1998 with Australian Ethical investments Limited ("AEIL") pursuant to which AEIL advanced monies to the Company on terms and conditions which included the right to convert the outstanding principal sum advanced into Ordinary Shares in the share capital of the Company at the option of AEIL at a price of $0.25 per share.

The Convertible Loan Agreement was previously approved by the Company's shareholders.

The Company has given AEIL a fixed and floating charge over the assets of the Company as security for the Company's obligations under the Convertible Loan Agreement.

The outstanding principal balance, was $951,516 as at 30 June 2005 and $884,193 as at 30 September 2005.

The principal amount was originally due to be repaid on 31 October 2004 however AEIL has agreed, subject to approval by Envirozel Limited shareholders, to extend the term of the Convertible Loan Agreement on the following terms:

- the term of the Convertible Loan Agreement will be fixed at 4 years expiring on 31 May 2009;
- the principal sum advanced under the Convertible Loan Agreement will be repaid in equal monthly installments, with interest fixed at 10%pa.
- A fixed and floating charge will be retained by AEIL over the assets of the Company.

The agreement by AEIL to extend the term of the Convertible Loan Agreement is conditional on a change in the conversion price to ordinary shares of the Convertible Notes from $0.25 to $0.05 per share, convertible at any time at the option of AEIL. If AEIL were to convert the whole of the outstanding principal sum as at 30 September 2005, the total number of shares to be issued to AEIL, at a conversion price of $0.05, would be 17,683,860 ordinary shares.

Each of the Company's Directors recommends approval of this resolution for the following reasons:

- extension of the maturity date of the Convertible Loan Agreement is favourable to the Company as it assists with the Company's working capital and cashflow;
- conversion of the outstanding principal sum or any part thereof into Ordinary Shares will improve the cashflow of the Company and reduce its gearing.

The Company will disregard any votes cast on this resolution by:

- Australian Ethical Investments Ltd; and
- any associate of Australian Ethical Investments Ltd.

However, the Company need not disregard a vote if:

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

<u>Resolution 13 – Approval of Further Issue of Securities</u>

The Company proposes to issue up to 8,040,000 Ordinary Shares in the share capital of the Company to the following persons ("**Proposed Allottees**"):

Name of Proposed Allottee	***No. of Ordinary Shares to be allotted***
Cothwill Pty Ltd	*400,000*
Trudy Ann Madsen	*2,000,000*
Curran Investments Pty Ltd	*1,400,000*
Laurence Gerard Curran and Alison Maree Curran	*600,000*
Joseph Manitta and Sandra Manitta	*200,000*
Linwierik Investments Pty Ltd	*1,000,000*
Gordon Francis Cumming and Joan Caroline Cumming	*100,000*
Neil Leslie Marshall and Suzanne Irene Marshall	*200,000*
Flab Pty Ltd	*100,000*
Smithley Investments Pty Ltd	*1,000,000*
Lynn Maree Jones	*800,000*
Hallmark Quest Pty Ltd	*240,000*
Total	***8,040,000***

Subject to approval of this resolution, the Ordinary Shares will be issued between 29 November 2005 and 28 February 2006 at an issue price of $0.05.

The intended use of the proceeds of the issue will be as working capital for the Company.

Allotment of the Ordinary Shares will occur progressively.

The Company will disregard any votes cast on this resolution by:

- any of the Proposed Allottees; and
- any associate of the Proposed Allottees.

However, the Company need not disregard a vote if:

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

Resolution 14 - Cancellation of options

The following options to acquire Ordinary Shares in the Company were granted by the Company in or about September 2001 on terms ad conditions approved by the Company in general meeting on 14 September 2001.

(a) 1,347,100 unlisted options to Australian Ethical Investments Limited ("**AEIL Options**"); and

(b) 10,000,000 unlisted options to Terrain Capital Limited ("**Terrain Options**").

The AEIL Options and the Terrain Options expire on 14 September 2006 and 30 June 2006 respectively.

3,000,000 of the Terrain Options were transferred on two successive occasions and are now held by Gordon McKern, a Director of the Company, at the request of the Company ("**McKern Options**").

For ease of reference, the AEIL Options, Terrain Options and McKern Options are collectively described in this Explanatory Memorandum as the "**Options**".

The Company's Board of Directors determined that the Options no longer serve the purposes for which they were originally issued and that it is in the Company's interest to:

- acquire the Options; and
- following acquisition of the Options, cancel the Options.

In this respect, Gordon McKern acquired the McKern Options at the Company's request for the purposes of cancellation of all the Terrain Options as originally granted to Terrain Capital Limited.

Consideration as follows has been paid by the Company for the acquisition of the Options:

(a)	AEIL Options	\$20,206.50
(b)	the remaining 7,000,000 Terrain Options	\$100,000
(c)	McKern Options	\$40,000

Listing Rule 6.23.2 of the ASX Listing Rules provides that any change in the terms of the Options which has the effect of canceling the Options for consideration may only be made with the approval of the Company's ordinary shareholders.

The Company's Directors recommend approval of this resolution for the following reasons:

- the Directors believe that there is an excess of Options on issue and the cancellation of these Options will be perceived in a positive light by the investment community;
- Terrain Capital Limited and its associates are no longer involved in the management of the Company;
- the McKern Options were acquired at the request of the Company.

The Company will disregard any votes cast on this resolution by:

- Sandhurst Trustees Limited;
- any associate of Sandhurst Trustees Limited;
- Australian Ethical Investments Ltd;
- any associate of Australian Ethical Investments Ltd;
- Terrain Capital Limited;
- any associate of Terrain Capital Limited;
- Gordon McKern; and
- any associate of Gordon McKern.

However, the Company need not disregard a vote if:

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

This page has been left intentionally blank