



1 May 2008

The Manager
Companies Announcements Office
Australian Stock Exchange Limited

ASX Announcement
Notice of Meeting and Explanatory Memorandum

Please find attached a Notice of Meeting and Explanatory Memorandum which is being mailed to shareholders on 2 May 2008.

Yours sincerely

A handwritten signature in black ink, appearing to read "G Nairn", with a long horizontal stroke extending to the right.

Greg Nairn
Chief Financial Officer



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**NOTICE OF GENERAL MEETING
AND
EXPLANATORY MEMORANDUM
AND
PROXY FORM**

Date of Meeting:

Friday 30 May 2008

Time of Meeting:

10.00am (WST)

Place of Meeting:

**2 Bell Street
Canning Vale WA 6155**

This Notice of General Meeting and Explanatory Memorandum should be read in its entirety. If a Shareholder is in any doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

VORTEX PIPES LIMITED

ACN 096 870 978

NOTICE OF GENERAL MEETING

Notice is Hereby Given that a General Meeting of the Shareholders of **Vortex Pipes Limited** ("**Company**") is to be held on Friday 30 May 2008 at 2 Bell Street, Canning Vale, WA, commencing at 10.00am.

The Explanatory Statement that accompanies and forms part of this Notice of General Meeting describes the matters to be considered at this meeting.

HOW TO VOTE

Voting in Person

To vote in person, attend the General Meeting on the date and at the place set out above. The meeting will commence at 10.00am.

Voting by Proxy

To vote by proxy, please complete and sign the proxy form enclosed and either:

- (a) send the proxy form by facsimile to the Company Secretary on facsimile number (61 8) 9456 3091; or
- (b) send the proxy form by post to the Company Secretary at PO Box 1753, Canning Vale, WA 6970,

so that it is received no later than 10.00am on 28 May 2008. Proxy forms received later than this time will be invalid.

Point at which Voting Rights are Determined

The Corporations Act permits the Company to specify a time not more than 48 hours before the meeting, at which time a "snap-shot" of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the Meeting.

The Board of Directors has determined that all Shares of the Company that are quoted on the ASX at 5.00pm on 28 May 2008 shall, for the purposes of determining voting entitlements at the General Meeting, be taken to be held by the persons registered as holding the Shares at that time.

Corporate Representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the General Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorizing him or her to act as that company's representative. The authority may be sent to the Company in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

AGENDA

SPECIAL BUSINESS

Resolution 1 – Ratification of Issue of Shares

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

"That, for the purpose of ASX Listing Rule 7.4 and all other purposes, shareholders of the Company ratify and approve the issue of 7,250,000 fully paid ordinary shares in the capital of the Company at an issue price of \$0.075 per share to the parties, for the purposes and on the terms set out in the accompanying Explanatory Memorandum."

Voting Exclusion

For the purposes of ASX Listing Rule 7.5, the Company will disregard any votes cast on this resolution by any participants in the issue, and any associates of those participants. However, the Company need not disregard a vote if:

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

Resolution 2 – Participation of Director in Placement

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

“That for the purposes of ASX Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, approval is given for a Director, Trevor Adriano Gosatti, or his nominee, to participate in a placement of 3,333,333 fully paid ordinary shares in the capital of the Company at an issue price of \$0.075 per share.”

Voting Exclusion

The Company will disregard any votes cast on this resolution by Mr Gosatti and by any associate of Mr Gosatti. However, the Company need not disregard a vote if:

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

Resolution 3 – Participation of Director in Placement

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

“That for the purposes of ASX Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, approval is given for a Director, James Kenneth McDonald, or his nominee, to participate in a placement of 300,000 fully paid ordinary shares in the capital of the Company at an issue price of \$0.075 per share.”

Voting Exclusion

The Company will disregard any votes cast on this resolution by Mr McDonald and by any associate of Mr McDonald. However, the Company need not disregard a vote if:

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

Resolution 4 – Participation of a Director in Placement

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

“That for the purposes of ASX Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, approval is given for a Director, William Julian Land, or his nominee, to participate in a placement of 50,000 fully paid ordinary shares in the capital of the Company at an issue price of \$0.075 per share.”

Voting Exclusion

The Company will disregard any votes cast on this resolution by Mr Land and by any associate of Mr Land. However, the Company need not disregard a vote if:

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

Resolution 5 – Participation of a Related Party in Placement

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

“That for the purposes of ASX Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, approval is given for a related party of the Company, Mark Bernard Jenkins, or his nominee, to participate in a placement of 1,333,333 fully paid ordinary shares in the capital of the Company at an issue price of \$0.075 per share.”

Voting Exclusion

The Company will disregard any votes cast on this resolution by Mr Jenkins and by any associate of Mr Jenkins. However, the Company need not disregard a vote if:

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

Resolution 6 – Participation of a Related Party in Placement

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

“That for the purposes of ASX Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, approval is given for a related party of the Company, John Townley Phillips, or his nominee, to participate in a placement of 1,066,667 fully paid ordinary shares in the capital of the Company at an issue price of \$0.075 per share.”

Voting Exclusion

The Company will disregard any votes cast on this resolution by Mr Phillips and by any associate of Mr Phillips. However, the Company need not disregard a vote if:

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

Resolution 7 – Issue of Options to Mr Mark Bernard Jenkins or his nominee

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

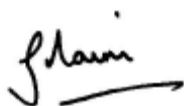
“That, for the purposes of Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, the shareholders of the Company authorise the Company to grant 1,000,000 options (each to subscribe for one fully paid ordinary share in the capital of the Company) to Mark Bernard Jenkins or his nominee for the purposes and pursuant to the terms and conditions set out in the attached Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast on this resolution by Mr Jenkins and by any associate of Mr Jenkins. However, the Company need not disregard a vote if:

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

**DATED THIS 1st DAY OF MAY 2008
BY ORDER OF THE BOARD**



Greg Nairn

NOTES:

1. A member of the Company entitled to attend and vote is entitled to appoint not more than two proxies to attend and vote on behalf of that member.
2. A proxy need not be a member of the Company, but must be a natural person (not a corporation).
3. A proxy may be appointed by reference to an office held by the proxy (eg “the Company Secretary”).
4. Where more than one proxy is appointed, each proxy may be appointed to represent a specified proportion of the member’s voting rights. If no such proportion is specified, each proxy may exercise half of the member’s votes.
5. A proxy form is enclosed. A separate form must be used for each proxy. An additional form can be obtained by writing to the Company Secretary at PO Box 1753, Canning Vale, WA 6970. Alternatively, you may photocopy the enclosed form.
6. The Explanatory Memorandum attached to this Notice forms part of this Notice.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared to provide Shareholders with material information to enable them to make an informed decision on the business to be conducted at the General Meeting of Vortex Pipes Limited ("Vortex" or "Company").

The Directors recommend Shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

RESOLUTION 1 - RATIFICATION OF ISSUE OF SHARES

On 18 April 2008 the Company announced the issue of 7,250,000 Shares at an issue price of \$0.075 per Share to institutional investors as part of a placement managed by Indian Ocean Capital Pty Ltd (Australian Financial Services Licence No. 246558) ("IOC") to raise \$543,750 ("Placement"). The Shares under the Placement were allotted on 1 May 2008.

Subject to certain exceptions, ASX Listing Rule 7.1 prohibits a company from issuing securities without shareholder approval in any 12 month period where the number of securities issued would exceed 15% of the number of fully paid ordinary securities in the company 12 months prior to the proposed issue.

Within the 15% limit, the Company has flexibility to issue further shares by way of placements to raise additional capital (if this is thought desirable), without the need for Shareholder approval. The Company is not required to obtain Shareholder approval for the Placement as the Placement does not exceed the 15% limit under Listing Rule 7.1.

Under Listing Rule 7.4, it is possible for shareholders to approve an issue of securities after the event. This has the effect of "refreshing" the Company's ability to issue further Shares within the 15% limit, and restores the Company's ability to make placements (if that is thought desirable) without the need for Shareholder approval. The Directors consider it desirable that the Company maintain its flexibility to make placements of Shares without seeking shareholder approval, if the need or opportunity arises.

Resolution 1 seeks Shareholder approval for, and ratification of, the issue of the 7,250,000 Shares under Listing Rule 7.4.

Listing Rule 7.5 sets out the information required to be disclosed to Shareholders when seeking this approval. The information set out below is intended to satisfy this requirement:

- (a) the number of securities issued was 7,250,000 Shares;
- (b) the issue price of the Shares was \$0.075 each;
- (c) the Shares issued rank equally in all respects with the existing fully paid ordinary shares in the Company;
- (d) the securities were issued to private investor clients of Indian Ocean Capital Pty Ltd (Australian Financial Services Licence No. 246558). No Director or any associate of a Director participated in the Placement; and
- (e) the funds raised are intended to be used solely to augment working capital.

Directors' Recommendation

The Board believes that refreshing the Company's ability to issue Shares within the 15% limit is in the best interests of the Company, thereby maintaining its flexibility to make placements of securities without seeking Shareholder approval if the need or opportunity arises. Accordingly, the Board recommends Shareholders vote in favour of the Resolution.

RESOLUTIONS 2 TO 4 – PARTICIPATION OF DIRECTORS IN PLACEMENT

In conjunction with the Placement referred to in Resolution 1 above, the Directors have entered into an agreement with IOC to issue up to a further 6,083,333 Shares at an issue price of \$0.075 per Share to certain of the Directors and other related parties, subject to this issue being approved by Shareholders ("Subsequent Placement"). None of these Shares have been issued to date, nor will they be unless Shareholder approval is obtained for this issue.

Accordingly, Resolutions 2 to 4 seek Shareholder approval for three of the Directors to participate in the Subsequent Placement of Shares.

The proposed participation of the Directors in the Subsequent Placement is as follows:

<u>Director</u>	<u>Number of Shares</u>	<u>Subscription Sum</u>
Mr TA Gosatti	3,333,333 Shares	\$250,000
Mr JK McDonald	300,000 Shares	\$22,500
Mr WJ (Julian) Land	50,000 Shares	\$3,750

The extent of the participation of the Directors in the Subsequent Placement, being \$262,250 in aggregate, represents approximately 27.6% of the aggregate of the Placement and the Subsequent Placement.

Corporations Act

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. The issue of the Shares to Directors under the Subsequent Placement contemplated by Resolutions 2 to 4 may constitute the provision of a financial benefit to related parties.

For the purposes of Chapter 2E of the Corporations Act, each of the Directors the subject of Resolutions 2 to 4 are considered to be related parties of the Company. The following information is provided to Shareholders in accordance with section 219 of the Corporations Act to enable them to assess the merits of Resolutions 2 to 4:

- (a) The related parties to whom the proposed Resolutions would permit financial benefits to be given

Resolution	Related Party	No of Shares
Resolution 2	Trevor Gosatti	3,333,333
Resolution 3	James McDonald	300,000
Resolution 4	Julian Land	50,000

- (b) The nature of the financial benefits

The proposed financial benefit to be given is the issue of the Shares referred to in paragraph (a) above at an issue price of \$0.075 each and for the total subscription sum set out above.

The Shares to be issued will rank equally in all respects from the date of issue with the existing fully paid ordinary shares of the Company. The Company intends to seek quotation of the Shares on ASX.

- (c) Directors' Recommendations

Each of Messrs Gosatti, McDonald and Land decline to make a recommendation to Shareholders with respect to Resolutions 2 to 4 as they each have a material personal interest in the outcome of the Resolutions to the extent that the Resolutions provide for the issue of Shares to each of them.

Mr Zuiderwyk, the remaining Director, recommends that Shareholders vote in favour of the proposed Resolutions 2 to 4 as the Share issues will allow the Company to raise funds pursuant to the Subsequent Placement to utilise as working capital. Participation in the Subsequent Placement by Messrs Gosatti, McDonald and Land is on the same terms as the Placement conducted to clients of IOC (detailed in Resolution 1 above) and requires each of those Directors to subscribe for the Shares for the total subscription amounts set out above. After a comprehensive assessment of all available material information, Mr Zuiderwyk believes that the proposed issue of Shares to Messrs Gosatti, McDonald and Land is in the best interests of the Company and its Shareholders.

- (d) Directors' Interest in the outcome of the proposed Resolutions

Messrs Gosatti, McDonald and Land's interests in the outcome of Resolutions 2 to 4 are set out above.

Mr Zuiderwyk does not have an interest in the outcome of the proposed Resolutions.

- (e) Other Information

The Shares proposed to be issued to Messrs Gosatti, McDonald and Land pursuant to the Subsequent Placement represent approximately 3.78% of the issued capital of the Company (on a fully diluted basis and assuming completion of the Subsequent Placement and the grant of Options under Resolution 7). Accordingly, the issue of these Shares will have the effect of diluting the shareholding of existing Shareholders by approximately 3.93% on this same basis.

The following table sets out each Director's current entitlement to securities in the Company (including those under Resolutions 2 to 4 under the Subsequent Placement) and their percentage interest in the Company based on this entitlement (on a fully diluted basis and assuming completion of the Subsequent Placement and grant of Options under Resolution 7).

Director	No of Shares currently held	No of Options currently held	No of Shares under Resolutions 2 to 4	% of Issued Capital
Trevor Gosatti	6,170,419	2,127,273	3,333,333	11.93%
Jim McDonald	463,636	481,818	300,000	1.28%
Julian Land	277,273	313,636	50,000	0.66%

The highest and lowest price of Shares in the past 12 months on ASX was \$0.25 on 3 July 2007 and \$0.07 on 14 and 31 March 2008 respectively. The most recent closing price of Shares on 22 April 2008, being the last trading day immediately before the date of the Notice of General Meeting, was \$0.08.

ASX Listing Rules

ASX Listing Rule 10.11 broadly provides, subject to certain exceptions, that shareholder approval is required for any issue of securities by a listed company to a related party. Each of the Directors (or their nominees) the subject of

Resolutions 2 to 4 is a related party of the Company, and consequently Shareholder approval is sought for their participation in the Subsequent Placement.

For the purpose of ASX Listing Rule 10.13, the following information is provided:

- (a) the names of the persons to whom the Shares are to be issued are as follows:
 - Resolution 2 Mr TA Gosatti or his nominee;
 - Resolution 3 Mr JK McDonald or his nominee
 - Resolution 4 Mr WJ (Julian) Land or his nominee
- (b) the maximum number of Shares to be issued under Resolution 2 is 3,333,333 Shares;
- (c) the maximum number of Shares to be issued under Resolution 3 is 300,000 Shares;
- (d) the maximum number of Shares to be issued under Resolution 4 is 50,000 Shares;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the Company's current issued Shares. The Company intends to seek quotation of the Shares on ASX;
- (f) the Shares will be issued at a price of \$0.075 per Share, being the same issue price of Shares pursuant to the Placement;
- (g) the Shares are expected to be issued immediately after Shareholder approval has been obtained and in any event not later than 1 month after the date of this Meeting, or such later date as may be approved by the ASX; and
- (h) the funds raised by the issue of Shares to Messrs Gosatti, McDonald and Land are to provide working capital for the Company.

If Shareholder approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1 for the issue of Shares to the above Directors as part of the Subsequent Placement.

RESOLUTIONS 5 AND 6 – PARTICIPATION OF RELATED PARTIES IN PLACEMENT

Resolutions 5 and 6 seek Shareholder approval for related parties of the Company, Mr Mark Jenkins and Mr John Phillips, to participate in the Subsequent Placement described above. As it is proposed that each of Mr Jenkins and Mr Phillips become a Director of the Company after the Subsequent Placement is completed, the Company is required by the Corporations Act and the ASX Listing Rules to obtain Shareholder approval for Messrs Jenkins' and Phillips' participation in the Subsequent Placement, as both of Mr Jenkins and Mr Phillips are currently related parties of the Company.

It is proposed that Mr Jenkins will subscribe for 1,333,333 Shares pursuant to the Subsequent Placement for a total subscription amount of \$100,000. The extent of Mr Jenkins' participation represents approximately 10% of the aggregate of the Placement and Subsequent Placement.

It is proposed that Mr Phillips will subscribe for 1,066,667 Shares pursuant to the Subsequent Placement for a total subscription amount of \$80,000. The extent of Mr Phillips' participation represents approximately 8% of the aggregate of the Placement and Subsequent Placement.

Corporations Act

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. The issue of the Shares to Messrs Jenkins and Phillips (or their respective nominees) under the Subsequent Placement as contemplated by Resolutions 5 and 6 may constitute the provision of a financial benefit to a related party.

For the purposes of Chapter 2E of the Corporations Act, each Mr Jenkins and Mr Phillips is considered to be a related party of the Company. The following information is provided to Shareholders in accordance with section 219 of the Corporations Act to enable them to assess the merit of Resolutions 5 and 6:

- (a) The related party to whom the proposed Resolution would permit financial benefits to be given

Related Party	No of Shares
Mark Jenkins	1,333,333
John Phillips	1,066,667

- (b) The nature of the financial benefit

The proposed financial benefit to be given is the issue of the Shares referred to in paragraph (a) above at an issue price of \$0.075 each, for a total subscription amount of \$100,000 (in the case of Mr Jenkins) and \$80,000 (in the case of Mr Phillips).

The Shares to be issued will rank equally in all respects from the date of issue with the existing fully paid ordinary shares of the Company. The Company intends to seek quotation of the Shares on ASX.

- (c) Directors' Recommendations

The Directors recommend that Shareholders vote in favour of the proposed Resolutions 5 and 6 as the Share issues will allow the Company to raise funds pursuant to the Subsequent Placement to utilise as working capital. Participation in the Subsequent Placement by Messrs Jenkins and Phillips is on the same terms as the Placement conducted to clients of IOC (detailed in Resolution 1 above) and requires each of

those persons to subscribe for the Shares for the total subscription amounts set out above. After a comprehensive assessment of all available material information, the Directors believe that the proposed issue of Shares to Messrs Jenkins and Phillips is in the best interests of the Company and its Shareholders.

(d) Directors' Interest in the outcome of the proposed Resolutions

None of the Directors have an interest in the outcome of the proposed Resolutions.

(e) Other Information

The Shares proposed to be issued to Messrs Jenkins and Phillips pursuant to the Subsequent Placement represent approximately 2.46% of the issued capital of the Company (on a fully diluted basis and assuming completion of the Subsequent Placement and the grant of Options under Resolution 7). Accordingly, the issue of these Shares will have the effect of diluting the shareholding of existing Shareholders by approximately 2.52% on this same basis.

Mr Jenkins currently holds 1,356,818 Shares and 590,909 Options in the Company. Based on the number of securities in the Company on issue subsequent to completion of the Subsequent Placement (including the issue of Shares to Mr Jenkins under Resolution 5) and the grant of Options to him under Resolution 7, Mr Jenkins will have a 4.39% shareholding in the Company (on a fully diluted basis).

Mr Phillips currently holds no Shares or Options in the Company. Based on the number of securities in the Company on issue subsequent to completion of the Subsequent Placement (including the issue of Shares to Mr Phillips under Resolution 5), Mr Phillips will have a 1.09% shareholding in the Company (on a fully diluted basis).

The highest and lowest price of Shares in the past 12 months on ASX was \$0.25 on 3 July 2007 and \$0.07 on 14 and 31 March 2008 respectively. The most recent closing price of Shares on 22 April 2008, being the last trading day immediately before the date of the Notice of General Meeting, was \$0.08.

ASX Listing Rules

ASX Listing Rule 10.11 broadly provides, subject to certain exceptions, that shareholder approval is required for any issue of securities by a listed company to a related party. Mr Jenkins, the subject of Resolution 5, and Mr Phillips, the subject of Resolution 6, are related parties of the Company, and consequently Shareholder approval is sought for their participation in the Subsequent Placement.

For the purpose of ASX Listing Rule 10.13, the following information is provided:

- (a) the maximum number of Shares to be issued by the Company under Resolution 5 is 1,333,333 Shares and under Resolution 6, 1,066,667 Shares;
- (b) the allottee of the Shares under Resolution 5 is Mr Jenkins or his nominee and under Resolution 6, Mr Phillips or his nominee;
- (c) the Shares issued will be fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the Company's current issued Shares. The Company intends to seek quotation of the Shares on ASX;
- (d) the Shares will be issued at a price of \$0.075 per Share, being the same issue price of Shares pursuant to the Placement;
- (e) the Shares are expected to be issued immediately after shareholder approval has been obtained and in any event not later than 1 month after the date of this Meeting, or such later date as may be approved by the ASX;
- (f) the funds raised by the issue of Shares to Messrs Jenkins and Phillips are to provide working capital for the Company; and
- (g) Shareholder approval is sought for the purposes of Listing Rule 10.11 as it is proposed that Messrs Jenkins and Phillips will be appointed as Directors following completion of the Subsequent Placement.

If Shareholder approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1 for the issue of Shares to Messrs Jenkins and Phillips as part of the Subsequent Placement.

RESOLUTION 7 – ISSUE OF OPTIONS TO MR MARK BERNARD JENKINS OR HIS NOMINEE

Mr Jenkins was contracted by the Company to provide general advisory and consultancy services to the Company and the Chief Executive Officer on an as required basis during the period 1 July 2007 to 28 February 2008. The contractual arrangement provided for the issue of Options in settlement of any fees due and payable under this arrangement, at the request of Mr Jenkins. The cost of the services provided by Mr Jenkins in this period has been in the vicinity of \$25,000 to \$30,000.

Mr Jenkins has requested the settlement of his fees by the issue of 1,000,000 Options at an exercise price of 20 cents each and an expiry date of 3 years from their date of issue. These Options will be unlisted and will otherwise be issued on the terms and conditions set out in Annexure A to this Explanatory Memorandum.

Corporations Act

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. The issue of the Options to Mr Jenkins or his nominee on the terms and conditions contemplated by Resolution 7 may constitute the provision of a financial benefit to a related party. As noted above, it is proposed that Mr Jenkins be appointed a Director of the Company following completion of the Subsequent Placement and accordingly, he is currently a related party of the Company.

Whilst the proposed exercise price of the Options to be issued to Mr Jenkins or his nominee pursuant to Resolution 7 is at a price 262% higher than the weighted average price of Shares sold in the 30 days prior to 15 April 2008, the granting of the Options may constitute the giving of a financial benefit pursuant to the Corporations Act and accordingly, Shareholder approval is being sought to approve the issue of these Options.

The following information is given in connection with the proposed grant of Options to Mr Jenkins or his nominee for the purposes of section 219 of the Corporations Act.

- (a) The related party to whom the proposed Resolution would permit financial benefits to be given

Related Party	No of Options
Mark Jenkins	1,000,000

- (b) The nature of the financial benefit

The proposed financial benefit to be given is the grant of the Options referred to in paragraph (a) above in lieu of the payment of consultancy fees to Mr Jenkins, as detailed above.

The Options are exercisable at 20 cents each on or before the date which is 3 years after the date of issue of the Options. The Options will be unlisted and will otherwise be granted on the terms and conditions set out in Annexure A to this Explanatory Statement.

- (c) Directors' Recommendations

The Directors recommend that Shareholders vote in favour of the proposed Resolution 7 as they consider the proposed grant of Options, in the number, on the terms and having a value as set out in this Explanatory Memorandum, to Mr Jenkins is appropriate and reasonable to compensate Mr Jenkins for the consultancy services he has provided to the Company for the period 1 July 2007 to 28 February 2008. After a comprehensive assessment of all available material information, the Directors believe that the proposed grant is in the best interests of the Company and its Shareholders.

- (d) Directors' Interest in the outcome of the proposed Resolution

None of the Directors have an interest in the outcome of the proposed Resolution.

- (e) Other Information

No other fees or benefits have been paid or given by the Company for the provision of advisory and consultancy services by Mr Jenkins. Upon appointment of Mr Jenkins as a Director, it is proposed that he will receive the same fees as incumbent non-executive directors being \$1,000 per month.

If the proposed Resolution 7 is passed and the Options are granted and subsequently exercised by Mr Jenkins, the percentage shareholding in the Company of all then existing Shareholders would be diluted by a maximum of 1.31% by the issue of Shares upon exercise of those Options. This assumes no other outstanding Options are exercised and no further Shares are issued by the Company.

Using the methodology outlined in the Option Pricing Model, Generalised Black Scholes, Version 2, for valuing employee share options, for the grant of Options to Mr Jenkins the financial benefit is \$0.011 per Option calculated utilising the following assumptions:

• Current share price	8.19 cents at 10 April 2008
• Exercise price	20 cents
• Time to maturity	1,138 days from 10 April 2008
• Interest rate	6.5%
• Volatility	50%

On the basis of the proposed Option issue and applying the Black Scholes method for valuing options, the value of the financial benefit being provided to Mr Jenkins pursuant to Resolution 7 is \$11,913, which is below the value of the services provided by Mr Jenkins under his consultancy arrangement with the Company.

Mr Jenkins currently holds 1,356,818 Shares and 590,909 Options in the Company. Based on the number of securities in the Company on issue subsequent to completion of the Subsequent Placement (including the issue of Shares to Mr Jenkins under Resolution 5) and subsequent to the grant of Options to him under Resolution 7, Mr Jenkins will have a 4.39% shareholding in the Company (on a fully diluted basis).

The highest and lowest price of Shares in the past 12 months on ASX was \$0.25 on 3 July 2007 and \$0.07 on 14 and 31 March 2008 respectively. The most recent closing price of Shares on 22 April 2008, being the last trading day immediately before the date of the Notice of General Meeting, was \$0.08.

ASX Listing Rules

ASX Listing 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities (including an option) to a related party of the Company. As set out elsewhere in this Explanatory Memorandum, Mr Jenkins is a related party and accordingly, Shareholder approval is also sought under Resolution 7 for the purposes of ASX Listing Rule 10.11.

ASX Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting proposing an approval under ASX Listing Rule 10.11. For the purpose of ASX Listing Rule 10.13, the following information is provided in respect of Resolution 7:

- (a) the Options will be granted to Mr Jenkins or his nominee within 1 day of Shareholder approval;

- (b) the issue price for the Options will be nil, however these Options are being issued in lieu of payment of consultancy fees to Mr Jenkins. No funds will be raised from the issue of these Options; however, the Company will not have to pay in cash for fees owing to Mr Jenkins for services provided approximating \$25,000 to \$30,000. Further funds may be raised on the eventual exercise of the Options; however, there is no guarantee that the Options will be exercised at any future time. Such funds will be used for the purpose of providing working capital to the Company;
- (c) it is proposed to issue 1,000,000 Options at an exercise price of 20 cents each;
- (d) the Options can be exercised for the period of 3 years from their date of issue;
- (e) the Company will not be seeking official quotation of the Options on ASX;
- (f) the Options will otherwise be issued on the terms and conditions set out in Annexure A to this Explanatory Memorandum; and
- (g) Shareholder approval is sought for the purposes of Listing Rule 10.11 as it is proposed that Mr Jenkins will be appointed as a Director following completion of the Subsequent Placement.

If Shareholder approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1 for the issue of Options to Mr Jenkins.

GLOSSARY

ASX means ASX Limited (ACN 008 624 691).

Company or **Vortex** means Vortex Pipes Limited (ACN 096 870 978).

Constitution means the constitution of the Company.

Corporations Act means Corporations Act 2001 (Cth).

Directors means the Directors of the Company.

Listing Rules means the Listing Rules of ASX.

Notice of Meeting means the notice of meeting which accompanies this Explanatory Memorandum.

Option means an option to acquire a Share.

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

Shareholder means a holder of a Share.

WST means Australian Western Standard Time.

ANNEXURE A

- (a) Each Option shall entitle the Optionholder, when exercised, to one Share.
- (b) The Options are exercisable wholly or in part at any time prior to 5.00 pm (WST) on the date which is 3 years from the date of issue of the Options ("Expiry Date"). Options not exercised by that date shall lapse.
- (c) Each Option may be exercised by notice in writing to the Company, together with the payment for the number of Shares in respect of which the Options are exercised, at any time before the Expiry Date. Any notice of exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.
- (d) The Option exercise price is \$0.20 per Option.
- (e) An Option does not confer the right to a change in exercise price or a change in the number of the underlying Shares over which the Option can be exercised.
- (f) Shares issued upon exercise of the Options will be issued following receipt of all the relevant documents and payments and will rank equally in all respect with the then issued Shares.
- (g) The Company will not apply for official quotation on ASX of the Options. The Company will apply for quotation on ASX of all Shares issued upon exercise of the Options.
- (h) Subject to the Corporations Act, the Constitution and the Listing Rules, the New Options are freely transferable
- (i) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of securities offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 10 Business Days after the issue is announced so as to give Optionholders the opportunity to exercise their Options before the date for determining entitlements to participate in any issue.
- (j) If at any time the issued capital of the Company is reorganised, the rights of an Optionholder are to be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

PROXY FORM

APPOINTMENT OF PROXY VORTEX PIPES LIMITED ACN 096 870 978

I/We

being a Member of VORTEX PIPES LIMITED entitled to attend and vote at the General Meeting, hereby

Appoint

Name of proxy

OR

☐

Mark this box if you wish to appoint the Chairman of the Meeting as your proxy

or failing the person so named or, if no person is named, the Chairman of the Meeting, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the General Meeting to be held at 10.00am (WST) on 30 May 2008 at the Company's office at 2 Bell Street, Canning Vale, Western Australia and at any adjournment thereof.

Voting on Business of the General Meeting

		For	Against	Abstain*
Resolution 1	Ratification of issue of shares	☐	☐	☐
Resolution 2	Participation of Director in Placement – Trevor Gosatti	☐	☐	☐
Resolution 3	Participation of Director in Placement – James McDonald	☐	☐	☐
Resolution 4	Participation of Director in Placement – Julian Land	☐	☐	☐
Resolution 5	Participation of a related party in Placement – Mark Jenkins	☐	☐	☐
Resolution 6	Participation of a related party in Placement – John Phillips	☐	☐	☐
Resolution 7	Issue of Options to Mr Mark Bernard Jenkins or his nominee	☐	☐	☐

OR

If the Chairman is to be your proxy and you do **not** wish to direct your proxy how to vote on these Resolutions, please place a mark in this box

☐

By marking this box, you acknowledge that the Chairman of the General Meeting may exercise your proxy even if he has an interest in the outcome of the resolutions and that votes cast by him other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the General Meeting will not cast your votes on the Resolutions and your votes will not be counted in calculating the required majority if a poll is called on these Resolutions. The Chairman intends to vote undirected proxies in favour of these Resolutions.

IF THE CHAIRMAN IS TO BE YOUR PROXY IN RELATION TO THE RESOLUTIONS YOU MUST EITHER MARK THE BOXES DIRECTING YOUR PROXY HOW TO VOTE OR MARK THE BOX INDICATING THAT YOU DO NOT WISH TO DIRECT YOUR PROXY HOW TO VOTE, OTHERWISE THIS APPOINTMENT OF PROXY IN RELATION TO THE RESOLUTIONS WILL BE DISREGARDED.

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is _____%.

Signed this _____ day of _____ 2008

By: Individuals and joint holders

Signature
Signature
Signature

Companies (affix common seal if appropriate)

Director
Director / Company Secretary
Sole Director and Sole Company Secretary

VORTEX PIPES LIMITED
ACN 096 870 978

Instructions for Completing 'Appointment of Proxy' Form

1. A member entitled to attend and vote at the General Meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the proxy form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - directors of the company;
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a proxy form will not prevent individual shareholders from attending the meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Meeting.
5. Where a proxy form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
6. To vote by proxy, please complete and sign the proxy form enclosed:
 - (a) **send the proxy form by facsimile to the Company on facsimile number (61 8) 9456 3091; or**
 - (b) **send the proxy form by post to the Company Secretary at PO Box 1753, Canning Vale, Western Australia, 6970,**

so that it is received no later than 10.00am on 28 May 2008. Proxy forms received later than this time will be invalid.