



KORVEST LTD

ABN 20 007 698 106

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 39th Annual General Meeting of Shareholders will be held at the KPMG Boardroom, Level 7, 151 Pirie Street, Adelaide, South Australia, on Friday October 16, 2009 at 11.30am.

ORDINARY BUSINESS

1. Financial Statements and Reports

To receive and consider the Company's Financial Statements for the year ended 30 June 2009 together with Consolidated Accounts of the Company and its Controlled Entities and the Reports of the Directors and Auditors thereon.

2. Election of Directors

- (a) Mr Peter Stancliffe retires by rotation in accordance with the Company's Constitution and being eligible for re-election offers himself accordingly.
- (b) Mr Peter Brodribb retires by rotation in accordance with the Company's Constitution and being eligible for re-election offers himself accordingly.
- (c) Mr Steven McGregor retires by rotation in accordance with the Company's Constitution and being eligible for re-election offers himself accordingly.

3. Increase in Directors' Fees

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

- (a) That Directors' Fees be increased from a total of \$150,000 to a maximum total of \$200,000 to be divided amongst the Directors as they shall from time to time determine. The maximum total of \$200,000 is inclusive of any superannuation payments that may be made to any Non-Executive Directors.

Voting Exclusion Statement

The Company will disregard any votes cast on the above resolution by:-

- a Director of the Company; or
- any associate of a Director of the Company.

However, the Company need not disregard a vote if:-

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

Members wishing to appoint the Chairman of the meeting as their proxy should read carefully the instructions on the proxy form and mark the relevant box to ensure their votes are not disregarded.

SPECIAL BUSINESS

4. Amendment of Korvest Ltd Executive Share Plan

To consider and, if thought fit, to pass the following resolution as a special resolution:

“That the Company hereby approves the amendments to the Korvest Ltd Executive Share Plan in the manner described in the Explanatory Memorandum included with the 2009 Notice of Annual General Meeting.”

Voting Exclusion Statement

The Company will disregard any votes cast on the above special resolution by:-

- any Directors of the Company who may participate in the Plan; and
- any associate of the Directors of the Company who may participate in the Plan.

However, the Company need not disregard a vote if:-

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

5. Issue of Options to Executive Directors pursuant to the Executive Share Plan

To consider and, if thought fit, pass the following resolutions:

“That the Company hereby approves:

- (a) that Mr Alexander Kachellek or his nominee in accordance with the Executive Share Plan Rules be invited to apply for 30,000 options under the Korvest Executive Share Plan on the terms set out in the Explanatory Memorandum included with the 2009 Notice of Annual General Meeting.
- (b) that Mr Steven McGregor or his nominee in accordance with the Executive Share Plan Rules be invited to apply for 15,000 options under the Korvest Executive Share Plan on the terms set out in the Explanatory Memorandum included with the 2009 Notice of Annual General Meeting.
- (c) that Mr Steven McGregor or his nominee be invited to apply for 15,000 options at an exercise price of \$3.79 each, exercisable in January 2011 and subject the identical performance hurdles applicable to those options issued to Executives of the Company in March 2009.

Voting Exclusion Statement

The Company will disregard any votes cast on the above resolution by:-

- any of the abovenamed Executive Directors of the Company who may participate in the Plan; and
- any associate of the abovenamed Executive Directors of the Company who may participate in the Plan.

However, the Company need not disregard a vote if:-

- it is cast by a person as proxy for a member (other than any of the abovenamed Executive Directors of the Company who may participate in the Plan; or any associate of the abovenamed Executive Directors of the Company who may participate in the Plan) 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 member (other than any of the abovenamed Executive Directors of the Company who may participate in the Plan; or any associate of the abovenamed Executive Directors of the Company who may participate in the Plan) who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

6. **Other Business**

- (a) To receive and consider the Remuneration Report, and if thought fit pass the following resolution:
 “That the Company adopt the Remuneration Report.”
- (b) To transact any other business which may lawfully be brought before the meeting.

An Explanatory Memorandum for the assistance of members of the Company in assessing Resolutions 2, 3, 4 and 5 is attached to this Notice of Annual General Meeting.

By Order of the Board

Steven J W McGregor
 Company Secretary

CUSTODIAN VOTING

For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions

NOTES RELATING TO PROXY

- (a) *A member entitled to attend the meeting and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights. A proxy need not be a member.*
- (b) *Where a member has appointed an attorney, the form of proxy must be signed by the member's attorney duly authorised in writing or, if the member is a corporation, under its corporate seal or by its duly authorised attorney or representative.*
If any attorney is to attend the meeting, please submit the relevant power of attorney for noting.
If a representative of a corporation is to attend the meeting, the appropriate Letter of Representation should be produced prior to admission.
- (c) *In the case of joint holders, the proxy form may be signed by any one holder.*
- (d) *Proxies will only be valid and accepted by the Company if they are signed and forwarded to the Share Registry of the Company at GPO Box 242, Melbourne, Victoria 3001 or faxed to 1800 783 447 so as to be received not later than 48 hours before the meeting.*
- (e) *Should a member desire to direct the proxy how to vote, the member should place a mark in the appropriate box, otherwise the proxy form will be deemed to constitute a direction to vote as the proxy decides.*
- (f) *The Company has determined in accordance with regulation 7.11.37 of the Corporations Regulations 2001, that for the purpose of voting at the meeting, shares of the Company will be taken to be held by the persons who hold them at close of business on October 14th, 2009.*



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ABN 20 007 698 106

2009 Annual General Meeting Explanatory Memorandum

This Explanatory Memorandum has been prepared to accompany the 2009 Notice of Annual General Meeting and is intended to provide Members with sufficient information to form a view as to whether or not to vote in favour of the proposed resolutions being put to the 2009 Annual General Meeting.

1. PROPOSED RESOLUTION 2 – ELECTION OF DIRECTORS

Rule 10.3 of the Company's Constitution requires that at every Annual General Meeting one-third of the Directors for the time being (excluding the Managing Director) must retire from office and be eligible for re-election.

Listing Rule 14.4 provides that a director (excluding the Managing Director) must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever is longer. However, a Director appointed to fill a casual vacancy or an addition to the board must not hold office (without re-election) past the next annual general meeting of the entity.

- (a) Mr Peter Stancliffe retires in rotation and offers himself for re-election pursuant to Listing Rule 14.4 and the Company's Constitution.
- (b) Mr Peter Brodribb retires in rotation and offers himself for re-election pursuant to Listing Rule 14.4 and the Company's Constitution.
- (c) Mr Steven McGregor retires in rotation and offers himself for re-election pursuant to Listing Rule 14.4 and the Company's Constitution.

Profile of the Directors who offer themselves for re-election are contained in your Company's Annual Report

2. PROPOSED RESOLUTION 3 – INCREASE IN DIRECTORS' FEES

The ASX Limited (ASX) requires, under Listing Rule 10.17, that Members approve an increase to the total amount of Directors' Fees payable by the Company or any of its entities.

The maximum amount of Directors' Fees payable approved by Members at the 2000 Annual General Meeting was the amount of \$150,000.

The Directors feel that an increase in the maximum amount of Directors' Fees payable is warranted in order to attract and retain high calibre candidates on the Board.

The Directors recommend that members vote in favour of the proposed increase in Directors' Fees.

3. PROPOSED RESOLUTION 4 – AMENDMENT OF KORVEST LTD EXECUTIVE SHARE PLAN

Member approval was obtained to implement the Korvest Ltd Executive Share Plan ("the Plan") at a General Meeting of the Company held in 2005.

The Company considers that the Plan should retain its fundamental terms, but be amended so as to have an effective time frame of 3 years rather than the current 5 year time frame.

The Company considers that the amendment will better enable the Plan to assist in the retention of the executives of the Company recommended by the remuneration committee as eligible to participate in the Plan.

The principle terms of the Executive Share Plan, and the amendments the subject of the proposed Resolution, are set out below. The amendments are proposed to apply to Options granted after the resolution if passed ie no changes are proposed to the Rules governing Options already granted.

Korvest Ltd Executive Share Plan

Who is Eligible?

Executive Directors and employees of any Group Company recommended by the remuneration committee of the Company to the board are determined eligible to participate. Non-Executive Directors are not eligible to participate.

No amendments to the eligibility criteria are proposed.

Exercise Price

The Exercise Price of the Options will be calculated in accordance with the Executive Share Plan Rules i.e. the Market Value of the shares at the Grant Date of the Options, being the weighted average of the prices at which the Company's shares were traded on the ASX (excluding transactions that take place at a non-market price) during the five day period terminating on the day immediately preceding the Grant Date. The Grant Date is defined in the Plan Rules as the date from which the options take effect. This will effectively be the beginning of the Option Period referred to below and historically has been 1 January in the year of issue.

No amendment to the Exercise Price calculation is proposed.

Exercise Period

Generally an Option granted under the Plan may not be exercised before the expiry of 24 months from Grant Date nor after the expiry of 25 months from Grant Date. Options not exercised within this period automatically lapse.

The Company proposes that the Exercise Period be pushed out by 12 months (ie options may not be exercised before the expiry of 36 months nor after the expiry of 37 months from Grant Date) to remain consistent with the proposed amendment to the Option Period discussed below.

Exercise Condition

The Exercise Condition requires that there be growth in the total of your Company's share price and dividends paid over the "Option Period" by a percentage nominated by the Board at the date of grant of the Options. Such percentage growth in Korvest Ltd share price would be not less than an annualised multiplier of 10% plus the Consumer Price Index (All Groups) for Australia published by the Australian Bureau of Statistics for each applicable year of the Option Period.

No amendment to the Exercise Price calculation is proposed.

Option Period and Restricted Shares Period

The current Option Period is two years. Any shares issued upon exercise of the Options are Restricted Shares for a further three years ie a total period of 5 years elapses before an Eligible Executive is entitled to retain any Shares issued under the scheme.

The Company proposes that the Option Period be extended from two years to three (3) years, and that the Restricted Shares Period of two years be removed. This results in the Plan having an overall time frame of 3 years instead of the current 5 years.

(Note that regardless of the removal of the Restricted Shares Period, the Shares are unable to be dealt with by the Eligible Executive while any Loan in relation to those Shares remains outstanding (see below)).

Executive Share Plan Loan Agreement

A loan for up to the total exercise price for the Options is made available by your Company to participating executives to exercise the Options. The loan is interest-free with no recourse against the borrower personally. The loan is repaid from dividends, from the executive's own resources and/or from the proceeds of sale of the shares.

Where an executive dies, retires or ceases employment (where the Board permits exercise) provided the Exercise Condition is satisfied the Options may be exercised. In this case no loan is available and Shares allotted on exercise have no restrictions.

No amendments to the Loan arrangements are proposed

Restricted Shares

The Plan currently provides that Shares issued on the exercise of Options remain restricted for an additional period of 3 years. If the eligible executive leaves the employment of the Company during that time, the Restricted Shares are forfeited (subject to some discretion on the part of the Board).

In conjunction with the extension of the Option Period to 3 years referred to above, the Company proposes amending the Plan to remove the restrictions on Shares issued upon exercise of Options (save for the requirement that any Loan balance be repaid prior to the eligible executive dealing with those shares, and forfeiture of the shares at the Board's discretion in the event of certain breaches of the Plan rules).

Other Terms

The options are not transferable. The Company also proposes to amend the Plan to also prohibit any trading in the Options or derivative products.

A copy of the proposed amended Executive Share Plan Rules are available to members on request.

4. PROPOSED RESOLUTION 5 (a) and (b) – ISSUE OF OPTIONS TO EXECUTIVE DIRECTORS PURSUANT TO EXECUTIVE SHARE PLAN

ASX Limited requires (under Listing Rule 10.14) that Members approve the issue of options under the Korvest Executive Share Plan to Directors of your Company or their nominee under the Executive Share Plan Rules.

At the 2008 General Meeting of the Company, members approved the granting of options to Executive Directors of the Company. The options listed immediately below were issued in March 2009 in accordance with the approval sought at the 2008 General Meeting. In accordance with the Plan Rules the exercise price of the options is \$3.79 each and they are able to be exercised in the month of January 2011.

Name	Position	Maximum Number of Options
Alexander Kachellek Or the Eligible Executive's Nominee	Managing Director	30,000

It is proposed that the following Executive Directors of the Company will be invited under the Korvest Executive Share Plan to take up in the next 12 months, no more than the number of options set out after their names:-

Name	Position	Maximum Number of Options
Alexander Kachellek Or the Eligible Executive's Nominee	Managing Director	30,000
Steven McGregor Or the Eligible Executive's Nominee	Finance Director	15,000

There are no other Executive Directors.

The Exercise Price, Exercise Period and Exercise Condition for these options will be determined in accordance with the details outlined in Section 3 of this Explanatory Memorandum.

The options are not transferable and will be granted at no cost to Executive Directors.

No options have vested and therefore no shares have been allotted since the last Annual General Meeting.

The Non-Executive Directors recommend that shareholders vote in favour of the proposed grant of options to Executive Directors of the Company or their Eligible Executive Nominee under Executive Share Plan.

For further details, please refer to the item “Remuneration Report” in your Company’s Annual Report. A summary of the Executive Share Plan is also included in the Explanatory Memorandum released to ASX on 28 February 2005.

The opportunity to grant options to executives under the Plan is sought notwithstanding the significant uncertainty surrounding the taxation laws of such plans at the time of this notice. The purpose of this resolution is to allow for the granting of options over the next twelve months subject to the finalisation of the legislation regarding the taxation of such options.

5. PROPOSED RESOLUTION 5(c) – ISSUE OF OPTIONS TO EXECUTIVE DIRECTOR STEVEN MCGREGOR PURSUANT TO EXECUTIVE SHARE PLAN

In August 2008 the Board determined that Mr Steven McGregor would be invited to participate in the Korvest Executive Share Option Plan (Plan) and would be allotted 15,000 options under the Plan. At the time Mr McGregor was not a Director. At the 2008 Annual General Meeting approval was not sought for the issue of options to Mr McGregor as at the time he was not a Director. On 1 January 2009 Mr McGregor was appointed a Director. In March 2009 the options were allotted in accordance with the Board’s August 2008 allocations.

As by the time the options were issued Mr McGregor had become Director and prior shareholder approval had not been sought for the issue of those options, this constitutes a breach of ASX Listing Rule 10.14. As a result the ASX has directed that the options issued in March 2009 be cancelled. The Board has decided to invite Mr McGregor or his Eligible Nominee to apply for the same maximum number of options (15,000) and under the same terms as those granted to all other Executives in March 2009 so that Mr McGregor is not penalised for having become a Director.

In accordance with the Plan Rules the options will have an exercise price of \$3.79 each and be exercisable in January 2011. They will be subject to the same performance hurdles as all other options issued to Executives in March 2009. These terms and conditions are identical to those attached to all options granted to Executives in March 2009 including those granted to Mr McGregor that have now been cancelled due to the breach of ASX Listing Rule 10.14. For further details of the terms and conditions of the options issued to Executives refer to Note 21(b) in your Company’s Annual Report.

The options are not transferable and will be granted at no cost.

The Non-Executive Directors recommend that shareholders vote in favour of the proposed grant of options to Mr McGregor or his Eligible Executive Nominee under the Executive Share Plan.

6. PROPOSED RESOLUTION 6(a) – REMUNERATION REPORT

In accordance with the Corporations Act, included in the Company’s 2009 Annual Report is the Remuneration Report, setting out details of the Company’s Director and executive remuneration. A copy of the Company’s 2009 Annual Report is available to members upon request at the Company’s offices, and is also available from the Company’s website at www.korvest.com.au.

Section 250R of the Corporations Act requires a resolution that the Remuneration Report be adopted be put to a vote. The vote on the resolution is advisory only, and does not bind the directors of the Company.