



Notice of General Meeting and Explanatory Statement

For a meeting to be held at Hilton Sydney, 488 George Street, Sydney NSW 2000 on Friday 14 September 2012 at 10:00am.

Tag Pacific Limited
ACN 009 485 625

**THIS IS AN IMPORTANT DOCUMENT
AND SHOULD BE READ IN ITS ENTIRETY.**

If you do not understand any part of this document please contact a professional adviser immediately.

Notice of General Meeting

Notice is hereby given that a general meeting of the members of Tag Pacific Limited (the '**Company**') will be held at Hilton Sydney, 488 George Street, Sydney NSW 2000 on Friday 14 September 2012 at 10:00am.

The business to be considered at the meeting is set out below. Information on the proposal to which the business relates is set out in the Explanatory Statement which accompanies this Notice. This Notice should be read in conjunction with the accompanying Explanatory Statement.

Capitalised terms used in this Notice which are not defined herein have the meanings given to them in the Glossary in the accompanying Explanatory Statement.

Resolution 1 – Approval of issue of shares

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

"That for the purposes of Listing Rule 7.1 of the ASX Listing Rules and for all other purposes, the shareholders of the Company approve and authorise the issue of up to 22,939,447 ordinary class shares in the Company on the basis set out in the Explanatory Statement which accompanies the notice of meeting convening the meeting at which this resolution is proposed."

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

- any person who may participate in the proposed issue of shares referred to in the resolution;
- any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed; and

- any associates of any person who may participate in the proposed issue of shares referred to in the resolution or of any person who might obtain such a benefit if the resolution is passed.

However, the Company need not disregard a vote on the resolution if:

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

Additional information

This notice of meeting is accompanied by an Explanatory Statement which provides an explanation of the business of the meeting, including the proposed resolutions.

Voting entitlement

The board of directors of Tag Pacific Limited has determined in accordance with regulation 7.11.37 of the Corporations Regulations that for the purpose of voting at the General Meeting, shares will be taken to be held by those who hold them at 10:00am (Sydney time) on Wednesday 12 September 2012. This means that if you are not the registered holder of a relevant share at the time, you will not be entitled to vote in respect of that share.

Notice of General Meeting

Voting by proxy

Each shareholder who is entitled to attend and vote at the General Meeting may appoint a proxy to attend and vote on behalf of that shareholder. The proxy need not be a shareholder. Please note that a proxyholder cannot vote on a show of hands but can speak at the meeting and can vote on a poll.

A shareholder who is entitled to cast two or more votes may appoint one or two proxies and may specify the proportion or number of votes that each proxy is appointed to exercise. If a shareholder appoints two proxies and the appointment does not specify the proportion, or number, of shareholder's votes, each proxy may exercise half the votes (disregarding fractions). Neither proxy may vote on a show of hands.

In the event that a shareholder appoints a proxy and specifies the way the proxy is to vote on a particular resolution:

→ where the proxy is not the chairman:

- (a) the proxy need not vote on a poll but if the proxy does so then the proxy must vote the way that the shareholder specifies; and
- (b) if a poll is demanded and the proxy does not attend or vote, then the chairman is taken to have been appointed as the proxy; and

→ where the chairman is the proxy (including where the chairman is taken to have been appointed the proxy as set out above) the proxy must vote on a poll and must vote the way that the shareholder specifies.

A proxy appointment form is enclosed with this Notice. For the appointment of a proxy to be effective for the Meeting, the following documents must be received by 10:00am on Wednesday 12 September 2012:

- (a) the proxy's appointment; and
- (b) if the appointment is signed by the appointer's attorney – the authority under which the appointment was signed or a certified copy of the authority.

Proxies may be lodged:

By Mail

Tag Pacific Limited
GPO Box 4032
Sydney NSW 2001
Australia

By Fax

+61 2 8275 6060

In Person

Tag Pacific Limited
Level 30, Piccadilly Tower
133 Castlereagh Street
Sydney NSW 2000
Australia

If mailing, please allow sufficient time for your form to be received by 10:00am on Wednesday 12 September 2012.

Corporate representatives

A body corporate may appoint an individual as a representative to exercise all or any of the powers the body corporate may exercise at meetings of shareholders. The appointment may be a standing one. Unless otherwise specified in the appointment, the representative may exercise, on the body corporate's behalf, all of the powers that the body corporate could exercise at a meeting or in voting on a resolution.

By order of the board of directors
of Tag Pacific Limited



Nathan Wise
Company Secretary
10 August 2012

Explanatory Statement

Important information

This Explanatory Statement has been prepared for the information of the shareholders of Tag Pacific Limited (the '**Company**') in connection with the business to be conducted at the General Meeting of the Company to be held at 10:00am (Sydney time) on 14 September 2012, at Hilton Sydney, 488 George Street, Sydney, New South Wales.

The purpose of this Explanatory Statement is to provide information that the Directors believe to be material to shareholders in deciding whether or not to pass the resolution set out in the Notice. Amongst other things, this Explanatory Statement provides members with the information to be provided under the Listing Rules.

You should read this document carefully

This Explanatory Statement and the accompanying Notice are important and should be read in conjunction with each other. You should read each document in its entirety before deciding how to vote on the resolution at the Meeting. If you are in doubt as to what you should do, you should consult your financial, legal or other professional adviser.

No investment advice

This Explanatory Statement does not constitute financial product advice and it does not purport to contain all the information that a prospective investor may require in evaluating a possible investment in the Company. This Explanatory Statement has been prepared without taking account of any person's particular investment objectives, financial situation or needs.

Role of ASX

Copies of this Explanatory Statement and the Notice have been lodged with ASX for the purposes of Listing Rule 15.1.4. Neither ASX nor any of its officers take any responsibility for the contents of this Explanatory Statement and the Notice.

Glossary

Unless otherwise defined in this document, capitalised terms have the meaning set out in the Glossary at the end of this Explanatory Statement.

1. Resolution 1 – Approval of issue of shares

Background

The Company's wholly owned subsidiary, Electro Securities Pty Limited ('**Electro**') owns 7,667,353 ordinary class shares in MPower Group Pty Limited ('**MPower**'), representing approximately 59.3% of the issued share capital of MPower.

MPower is the holding company that owns four different operating businesses in the power sector, namely MPower Products, MPower Projects, MPower Pacific and MPower Solar Systems.

Electro has made offers (the '**Offers**') to each of the other shareholders of MPower to acquire all of the shares in MPower held by them. Each of the Offers has been accepted. The Offers are subject to a number of conditions, including the passing of Resolution 1 set out in the Notice.

If completion occurs under the Offers, this means that MPower will become a wholly owned subsidiary of the Company.

The total number of shares in MPower which are subject to the Offers made by Electro is 5,261,340 shares, representing approximately 40.7% of the issued share capital of MPower.

The total consideration payable by Electro for the 5,261,340 shares in MPower is \$8,733,824.40, which is to be satisfied by the issue of 22,939,447 new Shares in the Company (if Resolution 1 is passed and the other conditions to the Offers are satisfied). Accordingly, each such Share will be deemed to be issued for a price of approximately 38.1 cents per Share, which price is calculated after taking into account the payment of the Dividend and the Loyalty Option Issue referred to below.

Prior to completion of the sale of shares in MPower to Electro, MPower is to pay a fully franked dividend of 10 cents per share to its existing shareholders (which includes Electro).

A condition of the sale of the shares in MPower to Electro under each of the Offers is that each vendor shareholder of MPower is to enter into a voluntary escrow arrangement with the Company under which those vendor shareholders will have restrictions applied to their disposal of a percentage of the new Shares in the Company to be issued to them (the '**Escrow Arrangement**'). As from the date of issue of the new Shares, each shareholder is to be restricted from disposing of the following respective percentages of the new Shares in the Company to be issued to them for the following respective periods:

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Percentage of each vendor shareholder's new Shares subject to escrow

Percentage of each vendor shareholder's new Shares subject to escrow	Period of escrow
87.5%	Period of 6 months commencing on the date on which the new Shares are issued
75.0%	Period of 12 months commencing on the date on which the new Shares are issued
62.5%	Period of 18 months commencing on the date on which the new Shares are issued
50.0%	Period of 24 months commencing on the date on which the new Shares are issued

As a result of the Escrow Arrangement, the holders of the Shares that will be subject to the Escrow Arrangement (the **'Escrowed Shares'**) will not be permitted to sell, assign, transfer or otherwise dispose of, nor be permitted to agree to offer to sell, transfer or otherwise dispose of the Escrowed Shares within the relevant periods set out in the table above subject to the following exceptions:

- (a) where a third party makes a takeover bid for all of the Shares and acceptances of that bid are received from holders of at least 50% of the Shares that are not subject to the Escrow Arrangement or any similar voluntary escrow arrangement;

- (b) where the Shares are to be cancelled or transferred under a scheme of arrangement;
- (c) where the Shares are required to be transferred or otherwise disposed of by operation of law; and
- (d) where all the Shares cease to be quoted on the ASX or the Company is removed from the Official List of the ASX.

The Offers are subject to a condition that ASIC provide a modification to section 609 of the Corporations Act so that the Company is not held to have a relevant interest in the Escrowed Shares. An application has been made by the Company to ASIC seeking this modification. As at the date of this Notice, no reply has been received to the application. If the modification is not received from ASIC then the Integration Proposal will not be able to proceed in the form as currently proposed. In those circumstances, the Shares will only be issued if the Integration Proposal is able to be restructured so as not to require the modification from ASIC.

The following table sets out the name of each allottee who will be issued new Shares under the Offers together with the respective number of Shares to be issued to that allottee and the respective number of Shares that will be subject to the Escrow Arrangement:

Name of allottee of Shares	Number of Shares to be issued to allottee	Percentage of issued share capital represented by number of Shares to be issued to allottee	Number of Shares subject to escrow for 6 months from date of issue	Number of Shares subject to escrow for 12 months from date of issue	Number of Shares subject to escrow for 18 months from date of issue	Number of Shares subject to escrow for 24 months from date of issue
Pacific Spectrum Investments Pty Limited	6,214,125	6.638%	5,437,359	4,660,594	3,883,828	3,107,063
Paul Douglas Sharp	4,054,068	4.330%	3,547,310	3,040,551	2,533,793	2,027,034
Mark Scupham	3,740,880	3.996%	3,273,270	2,805,660	2,338,050	1,870,440
Paul Douglas Sharp and Lisa Marie Sharp as trustees of The Paul Sharp Childrens Trust	1,940,737	2.073%	1,698,145	1,455,553	1,212,961	970,369
Lange Investment Holdings Pty Ltd	1,526,275	1.630%	1,335,491	1,144,706	953,922	763,138
ASCE Engineering Pty Ltd	1,409,231	1.505%	1,233,077	1,056,923	880,769	704,616
Andrew Haavisto	1,337,143	1.428%	1,170,000	1,002,857	835,714	668,572
Brian O'Malley	1,176,965	1.257%	1,029,844	882,724	735,603	588,483
Lillianne Sharp	768,577	0.821%	672,505	576,433	480,361	384,289
Scott Young & Jacqueline Young jointly	267,848	0.286%	234,367	200,886	167,405	133,924
Ronald Bailey & Vassoulla Bailey jointly	260,519	0.278%	227,954	195,389	162,824	130,260
Andrew Haavisto & Karen Haavisto jointly	243,079	0.260%	212,694	182,309	151,924	121,540
Total	22,939,447	24.502%	20,072,016	17,204,585	14,337,154	11,469,728

Simultaneously with the issue of the new Shares under the Offers, three of the abovenamed allottees (Pacific Spectrum Investments Pty Limited, Paul Douglas Sharp and Paul Douglas Sharp and Lisa Marie Sharp as trustees of The Paul Sharp Childrens Trust) will grant pre-emptive rights over the 12,208,930 new Shares to be issued to them in favour of the Company. Under that arrangement, in the event any of those allottees wish to transfer any of the 12,208,930 Shares (the **'Transfer Shares'**), the Company will have the first right to either buy back the Transfer Shares (subject to regulatory requirements) or to place the Transfer Shares with a third party to be nominated.

No funds will be raised by the issue of the Shares.

Resolution 1 seeks shareholder approval for the issue of the 22,939,447 Shares under the Offers for the purposes of Listing Rule 7.1 of the ASX Listing Rules.

In general terms, Listing Rule 7.1 of the ASX Listing Rules imposes a 15% cap on the number of equity securities (which includes ordinary shares) that can be issued by the Company, without the approval of shareholders, in any 12 month period (**'15% limit'**). However, the Company is permitted to issue equity securities in excess of the 15% limit if those equity securities are issued in reliance on an exception to Listing Rule 7.1 or the issue is approved by shareholders under Listing Rule 7.1. When taken with other issues of equity securities by the Company in the 12 months preceding the date of this Notice, the 22,939,447 Shares to be issued under the Offers would exceed the 15% limit.

Accordingly, the Company is seeking shareholder approval for the issue of up to 22,939,447 Shares under the Offers pursuant to Listing Rules 7.1 and 7.3.

As a result of changes to the ASX Listing Rules which became effective on 1 August 2012, the Company can obtain the ability to issue an additional 10% of its issued capital under Listing Rule 7.1A, in addition to the number of equity securities it may issue under the 15% limit. However, the Company could only do so if it obtains the approval of its shareholders by a special resolution at a future annual general meeting.

If the Company does become entitled to issue an additional 10% of issued capital under Listing Rule 7.1A, the proposed issue of the Shares the subject of Resolution 1 will not detract from the Company's capacity to issue securities under Listing Rule 7.1A.

The proposed issue of Shares pursuant to Resolution 1 is being made under Listing Rule 7.1 and not under Listing Rule 7.1A.

As previously announced by the Company, in order to facilitate the Integration Proposal, two capital management initiatives are being proposed, namely the Loyalty Option Issue and the Dividend each of which are referred to below. Neither the Loyalty Option Issue nor the Dividend will be implemented unless all conditions to which the Integration Proposal is subject have been satisfied prior to the record dates to apply to the Loyalty Option Issue and the Dividend. The new Shares to be issued under the Offers will not be entitled to participate in either of those capital management initiatives.

The first capital management initiative will be the issue of free loyalty options to the Company's shareholders (**'Loyalty Option Issue'**). If the Loyalty Option Issue proceeds, each shareholder at the relevant record date (which is expected to be 24 September 2012) will be issued one option for no consideration, for each 7 shares held at the record date (rounded down). Each option will entitle the holder to acquire one Share at an exercise price of \$0.20. The options will expire 5 years after the date of issue of the options and will be able to be exercised at any time during that 5 year period. The Company will apply for the options to be listed on the ASX.

If the Loyalty Option Issue proceeds, shareholders will receive a prospectus for the issue of the options, which is expected to be posted to the Company's shareholders on 2 October 2012.

The second capital initiative will be the declaration and payment of a fully franked dividend of 5.0 cents per Share to the Company's shareholders (the **'Dividend'**). The Dividend is to comprise a 1.0 cent per Share ordinary dividend component in respect of the year to 30 June 2012 and a 4.0 cent per Share special dividend component. The Company's dividend reinvestment plan will not operate in respect of the Dividend. The record date for the Dividend is expected to be 24 September 2012.

Information required under ASX Listing Rule 7.3

In addition to the above, the following details of the proposed issue of the 22,939,447 Shares for which shareholder approval is sought are provided for the purposes of Listing Rule 7.3 of the ASX Listing Rules:

- The maximum number of Shares to be issued by the Company under the Offers is 22,939,447.
- The 22,939,447 Shares will be issued on a date no later than 3 months after the date of this Meeting, but are expected to be issued on 28 September 2012.

- Each Share is deemed to be issued at a price of approximately 38.1 cents per Share (after taking into account the payment of the Dividend and the Loyalty Option Issue). However, no funds will be raised by the issue of the Shares.
- The Shares will be allotted and issued to the persons named as allottees as identified in the above table in the respective numbers appearing adjacent to each named person, as set out in the second column in the above table.
- The 22,939,447 Shares will be issued as fully paid ordinary shares, ranking equally with the Company's existing Shares.
- The Company will apply for the 22,939,447 Shares to be quoted on the ASX.

Board recommendation

The passing of resolution 1 will:

- (a) result in some of the management of MPower and entities associated with some of the management of MPower becoming shareholders of the Company, which will further align the interests of MPower management with all shareholders of the Company;
- (b) provide the Company with greater access to cash flows from the underlying MPower businesses and which, if those businesses are profitable and the Company is able to achieve profits, should enhance the Company's ability to pay dividends in the future;
- (c) allow the proposed capital initiatives of the Special Dividend and Loyalty Option Issue to proceed; and
- (d) provide flexibility for the Company to raise additional funds in the future as and when required.

For these reasons, the Directors recommend that you vote in favour of resolution 1.

Glossary

In this Explanatory Statement:

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires.

Board means the board of the Company.

Company means Tag Pacific Limited ACN 009 485 625.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.

Dividend has the meaning given to that term on page 5 of the Explanatory Statement.

Explanatory Statement means the Explanatory Statement accompanying the Notice.

Integration Proposal means the proposal for the Company's wholly owned subsidiary, Electro Securities Pty Limited, to acquire all of the shares in MPower Group Pty Limited that it does not already own, so that MPower Group Pty Limited becomes a wholly owned subsidiary of the Company.

Listing Rules or **ASX Listing Rules** means the official listing rules of ASX.

Loyalty Option Issue has the meaning given to that term on page 5 of the Explanatory Statement.

Meeting or **General Meeting** means the general meeting convened by the Notice.

Notice means the notice of meeting accompanying this Explanatory Statement.

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



Proxy Form

Tag Pacific Limited ACN 009 485 625
GPO Box 4032, Sydney NSW 2001, Australia
Fax: +61 2 8275 6060

For your vote to be effective it must be received by 10:00am (Sydney time) on Wednesday 12 September 2012.

Appointment of proxy

I/We

of

being a member/s of Tag Pacific Limited and entitled to attend and vote hereby appoint

the Chairman
of the meeting
(mark with an 'X')

OR

If you are not appointing the Chairman
of the meeting as your proxy please write
here the full name of the individual or body
corporate you are appointing as your proxy

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Tag Pacific Limited to be held at Hilton Sydney, 488 George Street, Sydney, Australia on Friday 14 September 2012 at 10:00am and at any adjournment of that meeting.

Voting directions to your proxy – please mark 'X' to indicate your directions

Agenda	For	Against	Abstain
→ 1 Approval of issue of shares	☐	☐	☐

The Chairman of the meeting intends to vote undirected proxies in favour of each of the items of business.

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

Please sign here

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Shareholder 1

Sole Director and
Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact name

Contact daytime telephone

Date

How to complete this Proxy Form

Appointment of proxy

If you wish to appoint the Chairman of the meeting as your proxy, mark the box with an 'X'. If the individual or body corporate you wish to appoint as your proxy is someone other than the Chairman of the meeting please write the full name of that individual or body corporate. If you leave the section blank, or your named proxy does not attend the meeting, the Chairman of the meeting will be your proxy. A proxy need not be a shareholder of the Company.

Votes on items of business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Appointment of a second proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional proxy form may be obtained by telephoning the Company or you may copy this form.

To appoint a second proxy you must on each of the first proxy form and the second proxy form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded. Both forms must be returned together in the same envelope.

Signing instructions

You must sign this form as follows in the spaces provided:

Individual:

Where the holding is in one name, the holder must sign.

Joint holding:

Where the holding is in more than one name, all of the shareholders should sign.

Power of attorney:

To sign under power of attorney, you must have already lodged this document with the Company. If you have not previously lodged this document for notation, please attach a certified photocopy of the power of attorney to this form when you return it.

Companies:

Where the company has a sole director who is also the sole company secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a company secretary, a sole director can also sign alone. Otherwise this form must be signed by a director jointly with either another director or a company secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporate shareholder or proxy is to attend the meeting the appropriate 'Certificate of Appointment of Corporate Representative' should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry.

Lodgement

This proxy form (and any power of attorney under which it is signed) must be received at an address given below no later than 48 hours before the commencement of the meeting at 10:00am on Friday 14 September 2012. Any proxy form received after that time will not be valid for the scheduled meeting.

Documents may be lodged:

In Person Tag Pacific Limited, Level 30 Piccadilly Tower, 133 Castlereagh Street, Sydney, Australia

By Mail Tag Pacific Limited, GPO Box 4032, Sydney NSW 2001, Australia

By Fax +61 2 8275 6060