

**MDS Financial Group Limited  
ACN 091 744 884**

**Notice of Extraordinary General Meeting  
to be held on May 23<sup>rd</sup>, 2011**

**Explanatory Memorandum for the Notice of  
Extraordinary General Meeting**

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**IF YOU ARE IN ANY DOUBT ABOUT THE ACTION YOU SHOULD TAKE  
PLEASE CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT OR OTHER  
PROFESSIONAL ADVISER.**

**NOTICE OF THE EXTRAORDINARY GENERAL MEETING TO BE HELD AT  
MDS FINANCIAL GROUP LTD, LEVEL 37, SOUTH TOWER RIALTO,  
525 COLLINS STREET, MELBOURNE.**

**AT 11.00 AM ON MONDAY, 23<sup>rd</sup> May 2011**

**TO BE VALID, FORMS OF PROXY FOR USE AT THE EXTRAORDINARY GENERAL MEETING  
MUST BE COMPLETED AND RETURNED TO THE COMPANY NO LATER THAN  
5.00 PM ON THURSDAY, 19<sup>th</sup> MAY 2011**

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## Section A – Chairman’s Letter

19<sup>th</sup> April 2011

Dear Shareholder

The Directors of MDS Financial Group Limited ACN 091 744 884 (**Company**) have convened the Extraordinary General Meeting of Shareholders to be held on 23<sup>rd</sup> May 2011. The purpose is to seek approval of shareholders for an issue of shares to Placement Investors. This resolution is explained in Sections C and D.

Your Company is now entering a new phase as a result of the transformation changes undertaken in the first half of this financial year. The introduction of a corporate capability to raise investment funds for ASX listed companies and initial public offerings (IPO’s) is now firmly established. Previously we have advised shareholders of a placement for Carbon Polymers Ltd (CBP) [name changed from Nullabor Holdings] and on February 28<sup>th</sup> the listing of Allmine Group Ltd following a successful \$10m raising by our subsidiary MDS Financial Services Pty Ltd.

MDS announced on March 31<sup>st</sup> the acquisition of D2MX Pty Ltd, a trading participant of the ASX which will allow your Company full stockbroking capability, sponsorship of client share holdings and the credibility and recognition of being a stockbroker. We will be combining the functionality of D2MX with our Trader Dealer Online platform to offer a leading edge stockbroking services.

Today MDS Financial Group announced that an agreement has been reached between MINC Financial Services Pty Ltd (administrator appointed) (MINC) and MDS Financial Services Pty Ltd for the acquisition of certain assets of MINC. The agreement provides for the acquisition of the online trading business of MINC in its entirety including its current national client lists, the private client business and advisors in Townsville, Bunbury, Gold Coast and Melbourne. The acquisition does not include MINC’s debts, liabilities and infrastructure. We look forward to integrating the aspects of the MINC business that we were able to acquire into MDS Financial Group.

The investment from the Placement Investors allows MDS Financial Group to continue the transformational shift outlined, develop a suite of stockbroking services and continue to cross promote and market our subscription services. We will also be adequately resourced to undertake the responsibilities required as a stockbroker and market our subscription platforms and share trading capabilities. To ensure shareholders have an opportunity to invest in the Company on the same terms as placement shareholders, a Share Purchase Plan (SPP) was established. Subscription applications were received at the expiry, March 30<sup>th</sup>, 2011, raising a further \$160,000 (8,000,000 fully paid ordinary shares).

Your Board, Management and Staff are excited about the initiatives introduced and the opportunities available to cross pollinate corporate activity, stockbroking and analytical services. Approval of the resolution will see MDS resourced to develop these services as a complimentary suit of financial services.

Yours faithfully



Sean Rothsey  
Chairman

## Section B – Glossary

### 1. Definitions

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The following definitions are used in the Chairman's Letter, the Notice of Extraordinary General Meeting and the Explanatory Memorandum.

**Associate** has the meaning given to that term in Part 1.2, Division 2 of the Corporations Act;

**ASX** means the ASX Limited ABN 98 008 624 691;

**ASX Listing Rules** means the official listing rules issued and enforced by the ASX as amended from time to time;

**Board** or **Board of Directors** means the board of Directors of the Company;

**Business** means the business of providing financial advice and technology solutions to investors, traders, financial service providers and corporations;

**Business Day** means a day which is not a Saturday, Sunday or public holiday in Sydney;

**Chairman** means chairman of the Company appointed by the Board, who is currently Sean Rothsey;

**Company** or **MDS (ASX:MWS)** means MDS Financial Group Limited ACN 091 744 884;

**Constitution** means the constitution of the Company, as amended from time to time;

**Corporations Act** means the *Corporations Act* 2001 (Cth);

**Directors** means the directors of the Company;

**Explanatory Memorandum** means the explanatory memorandum set out in Section D of this document;

**General Meeting** means the Extraordinary General Meeting of the Company to be held on 23<sup>rd</sup> May, 2011 pursuant to this Notice of General Meeting;

**MDS** or the **Company** means MDS Financial Group Limited ACN 091 744 884;

**MWS** is the ASX code for the **Company** and means MDS Financial Group Limited ACN 091 744 884;

**Notice of General Meeting** or **Notice** means the notice of General Meeting set out in Section C of this document;

**Officially Quoted** and **Official Quotation** means, in relation to Shares, officially quoted by the ASX;

**Parties** means the Company and Placement Investors;

**Placement Investors** means institutional or sophisticated investors, being persons who, because of one or more of sections 708(8), 708(10), 708(11) and 708(12) of the Corporations Act, may subscribe for Placement Shares without receiving a disclosure document issued by the Company in accordance with Part 6D.2 of the Corporations Act;

**Placement Shares** means up to 18 million Shares at \$0.02 cents per share to be issued by the Company to the Placement Investors;

**Resolution** means a resolution passed by the requisite majority of members of the Company on a show of hands or by the requisite majority of votes given on a poll;

**Share** means a fully paid ordinary share in the issued capital of the Company;

**Shareholder** means a holder of a Share;

## **2. Interpretation**

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For the purposes of interpreting the Chairman's Letter, the Explanatory Memorandum and the Notice of Extraordinary General Meeting:

- (a) the singular includes the plural and vice versa;
- (b) words importing any gender include both genders;
- (c) reference to any statute, ordinance, regulation, rule or other law includes all regulations and other instruments and all consolidations, amendments, re-enactments or replacements for the time being in force;
- (d) all headings, bold typing and italics (if any) have been inserted for convenience of reference only and do not define limit or affect the meaning or interpretation of the Chairman's Letter, the Explanatory Memorandum and the Notice of Extraordinary General Meeting;
- (e) reference to persons includes bodies corporate and government authorities and in each and every case, includes a reference to the person's executors, administrators, successors, substitutes (including without limitation persons taking by novation and assignment); and
- (f) reference to **\$, A\$, Australian Dollars** or **dollars** is a reference to the lawful tender for the time being and from time to time of the Commonwealth of Australia.

## Section C – Notice of Extraordinary General Meeting

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of MDS Financial Group Limited ACN 091 744 884 (MDS or the Company) will be held at MDS Financial Group Ltd, Level 37 South Tower Rialto 525 Collins Street, Melbourne, Victoria on 23<sup>rd</sup> May, 2011 at 11.00 AM

Defined terms used in this Notice of General Meeting have the meanings given to them in the Glossary accompanying this Notice of General Meeting.

### 1. Special Business

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#### 1.1 Resolution 1 – Issue of up to 18 million Shares to Placement Investors

To consider and if thought fit, with or without amendment, to pass the following Resolution:

“That; in accordance with ASX Listing Rule 7.1 and for all other purposes, to the Placement Investors the Company be permitted and authorised to issue and allot up to 18 million Shares at an issue price of 2 cents per share on the terms and conditions described in the Explanatory Memorandum (Section D)”

#### 1.2 Resolution 2 – Issue of up to 78 million Shares to Placement Investors

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

“That for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval be given to the Company to issue and allot up to 78 million Shares at an issue price of the 30 day Value Weighted Average Price subject to a minimum price no less than 2 cents per Share or at such higher price as the Directors may determine in their absolute discretion, to be approved in this Resolution, on the terms and conditions described in the Explanatory Memorandum (Section D)”

### 3. Voting exclusion statements

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#### 2.1 Resolutions 1 and 2

In accordance with the notice requirements of ASX Listing Rule 7.3.8 for approval under ASX Listing Rule 7.1 and ASX Listing Rule 14.11.1, the Company will disregard any votes cast on Resolutions 1 and 2 by:

- (a) each Placement Investor
- (b) any Associate of that person(s); and
- (c) a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if the resolution is passed, and an Associate of any such person.

However, the Company will not disregard a vote if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) 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.

#### **4. Voting entitlements**

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For the purposes of determining a person's entitlement to vote at the Extraordinary General Meeting, a person will be recognised as a member of the Company and the holder of Shares if that person is registered as a holder of those Shares at 5:00pm Sydney time on May 19<sup>th</sup> 2011, being the second Business Day prior to the date of the Extraordinary General Meeting.

#### **5. Votes of members**

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- (a) On a show of hands, each member present in person or by proxy (or, in the case of a body corporate, by a representative) at the General Meeting, shall have one vote.
- (b) On a poll, every member present in person or by attorney or by proxy (or, in the case of a body corporate, by a representative), shall have one vote for each Share held by him, her or it, provided that all Shares are fully paid.

#### **6. Director's recommendations, reasons and voting**

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The Directors recommend that Shareholders approve the issue of Shares to the Placement Investors as described in Resolutions 1 and 2 and vote in favour of the Resolution.

Each Director intends to vote the Shares they hold or control in favour of Resolutions 1 and 2.

Further to the comments of your Chairman, Directors provide the following reasons for their recommendations:

##### **Resolutions 1 and 2:**

The placement amounts have and will be considered with reference to budgeted forecasts and the inclusion of revenue generating expenditure and capital expenditure on software and share trading developments.

Pricing of the placement has and will be considered with reference to the Company's share price on the Australian Securities Exchange (ASX:MWS). The Volume Weighted Average Price (VWAP) of MDS' securities show:

##### **VWAP MWS**

15 April 2011 \$0.015745 on volume of 251,001 shares, Value \$3,952, Transactions 6  
31 March 2011 \$0.019075 on volume of 1,823,109 shares, Value \$34,776, Transactions 10  
28 February 2011 \$0.015555 on volume of 450,185, Value \$7,003, Transactions 2.  
31 January 201 \$0.015813 on volume of 2,991,205, Value \$47,300, Transactions 16.

Your Directors consider that the improvement to the Company's balance sheet from Resolution 1 and commencement of initiatives detailed will demonstrate that the placement pricing is appropriate and recommend Resolution 1. Resolution 2 permits the Company to make a further placement of 78 m shares at a minimum price of 2 cents per share with the ability to set a higher price based on the 30 day VWAP preceding the placement or at such higher price as the Directors may determine in their absolute discretion.

## 7. Proxies

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Please note that:

- (i) a member entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint no more than two proxies;
- (ii) an instrument appointing a proxy must be in the form of the proxy form attached to this Notice of Extraordinary General Meeting;
- (iii) where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights if a member appoints two proxies, and the appointment does not specify the proportion of the member's voting rights each proxy may exercise, each proxy may exercise one-half of the voting rights;
- (iv) a proxy need not be a member of the Company;
- (v) a proxy form may specify the manner in which the proxy is to vote in respect of a particular Resolution and, where a proxy form so provides, the proxy is not entitled to vote on the Resolution except as specified in the proxy form;
- (vi) a proxy has the authority to vote on the member's behalf as he or she thinks fit, on any motion to adjourn the Extraordinary General Meeting, or any other procedural motion, unless the member gives a direction to the contrary;
- (vii) a valid proxy form will be deemed to confer authority to demand or join in demanding a poll;
- (viii) to be valid, a proxy form must be signed by the member or the member's attorney or, if the member is a corporation, executed in accordance with the corporation's constitution and the Corporations Act (and may be signed on behalf of the corporation by its attorney); and
- (ix) to be valid, a proxy form and the power of attorney or other authority (if any) under which it is signed (or an attested copy of it) must be received by no later than [insert time] on [insert date]:

**by the Company:**

- in person: MDS Financial Group Limited  
Level 37, The Rialto South Tower  
525 Collins Street  
Melbourne, Victoria  
Australia
- or - by fax: +61 3 9617 0699  
Attention: Company Secretary
- or - by mail: MDS Financial Group Limited  
P O Box 274  
Collins Street West,  
Melbourne, Vic 8007

By Order of the Board

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by a series of loops and a final upward stroke.

**Mr A J (Tony) Iremonger**  
Company Secretary

Dated: 19<sup>th</sup> April 2011  
Melbourne

## Section D – Explanatory Memorandum

### 1. Introduction

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This Explanatory Memorandum contains the information needed for the Company's Shareholders to assess the Resolutions to be put to them at the Extraordinary General Meeting of the Company on May 23<sup>rd</sup> 2011. A Notice of Extraordinary General Meeting accompanies this document.

This Explanatory Memorandum, as well as the Notice of Extraordinary General Meeting should be read carefully and in their entirety.

### 2. Resolution 1 – Issue of up to 18 million Shares to Placement Investors

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Pursuant to ASX Listing Rule 7.3, the following information is provided regarding ASX Listing Rule 7.1 approval:

(a) **ASX Listing Rule 7.3.1:** *Maximum number of securities to be issued and allotted pursuant to Resolution 1*

Up to 18 million Placement Shares will be issued and allotted or granted to Placement Investors for the purposes of raising additional working capital for the Company. The 18 million Placement Shares will represent 5.76% of the issued capital of the Company.

No Placement Shares will be issued and allotted to a Placement Investor if, as a result of that issue, the Placement Investor or other person acquires an interest in Shares in breach of section 606 of the Corporations Act.

(b) **ASX Listing Rules 7.3.2 and 7.3.7:** *Date by which securities will be issued and allotted*

If Shareholder approval is obtained, the issue and allotment of the Placement Shares to the Placement Investors will occur on a date or dates which is or are no later than three months after the date of this General Meeting or such later time as deemed appropriate by an ASX waiver.

(c) **ASX Listing Rule 7.3.4:** *Names of allottees*

The allottees are the Placement Investors. The Placement Investors must be persons who are not related parties of the Company.

(d) **ASX Listing Rule 7.3.5:** *Terms of securities*

The Company will apply to the ASX to have the Placement Shares issued to the Placement Investors Officially Quoted and these Placement Shares will rank equally with all the other Shares on issue. In all other respects, the rights and entitlements of the holders in respect of the Placement Shares issued to the Placement Investors will be identical to the rights and entitlements of the holders of existing issued Shares.

(e) **ASX Listing Rule 7.3.6:** *Intended use of the funds*

The funds raised by the issue and allotment of up to 18 million Placement Shares to the Placement Investors will be used to provide additional working capital to the Company.

(f) **ASX Listing Rule 7.3.8:** *A voting exclusion statement*

A voting exclusion statement is included at paragraph 2 of the Notice of Extraordinary General Meeting (Section C).

### **3. Resolution 2 – Issue of up to 78 million Shares to Placement Investors**

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Pursuant to ASX Listing Rule 7.3, the following information is provided regarding ASX Listing Rule 7.1 approval:

**(g) ASX Listing Rule 7.3.1:** *Maximum number of securities to be issued and allotted pursuant to Resolution 2*

Up to 78 million Placement Shares will be issued and allotted or granted to Placement Investors for the purposes of raising additional working capital for the Company. The 78 million Placement Shares will represent 19.9% of the issued capital of the Company

No Placement Shares will be issued and allotted to a Placement Investor if, as a result of that issue, the Placement Investor or other person acquires an interest in Shares in breach of section 606 of the Corporations Act.

**(h) ASX Listing Rules 7.3.2 and 7.3.7:** *Date by which securities will be issued and allotted*

If Shareholder approval is obtained, the issue and allotment of the Placement Shares to the Placement Investors will occur on a date or dates which is or are no later than three months after the date of this General Meeting or such later time as deemed appropriate by an ASX waiver.

**(i) ASX Listing Rule 7.3.4:** *Names of allottees*

The allottees are the Placement Investors. The Placement Investors must be persons who are not related parties of the Company.

**(j) ASX Listing Rule 7.3.5:** *Terms of securities*

The Company will apply to the ASX to have the Placement Shares issued to the Placement Investors Officially Quoted and these Placement Shares will rank equally with all the other Shares on issue. In all other respects, the rights and entitlements of the holders in respect of the Placement Shares issued to the Placement Investors will be identical to the rights and entitlements of the holders of existing issued Shares.

**(k) ASX Listing Rule 7.3.6:** *Intended use of the funds*

The funds raised by the issue and allotment of up to 78 million Placement Shares to the Placement Investors will be used to provide additional working capital to the Company.

**(l) ASX Listing Rule 7.3.8:** *A voting exclusion statement*

A voting exclusion statement is included at paragraph 2 of the Notice of Extraordinary General Meeting (Section C).

## Section E – Proxy Form

### MDS Financial Group Limited ACN 091 744 884 (the Company)

I/We (name of member)

of

(Shareholder Reference Number/Holder Identification Number)

being a member/members of MDS Financial Group Limited appoint:

(Name of the proxy, or name of the office held by the proxy) (Address of the proxy)

or failing him or her, the Chairman of the meeting as my proxy vote on my behalf at the Extraordinary General Meeting of the Company to be held on [insert date] and any adjournment of that meeting.

If two proxies are being appointed, the proportion of the voting rights that this proxy is authorised to exercise is % . (The Company will supply an additional form on request.)

#### Proxy Instructions:

The Chairman will vote in favour of each Resolution in which he receives undirected proxies.

If the Chairman of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as proxy in respect of a Resolution, please place a mark in the box. ☐

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the Resolution(s) and 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 will not cast your votes on the Resolution, and your votes will not be counted in calculating the required majority if a poll is called on the Resolution.

If you wish to instruct your proxy how to vote, insert X in the appropriate column against each item of business set out below. Otherwise your proxy may vote as he/she thinks fit or abstain from voting.

I/We instruct my/our proxy vote as follows:

|                     |                                                         |  | For                      | Against                  | Abstain                  |
|---------------------|---------------------------------------------------------|--|--------------------------|--------------------------|--------------------------|
| <b>Resolution 1</b> |                                                         |  |                          |                          |                          |
|                     | Issue of up to 18 million Shares to Placement Investors |  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>Resolution 2</b> |                                                         |  |                          |                          |                          |
|                     | Issue of up to 78 million Shares to Placement Investors |  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Where this Proxy Form is signed under power of attorney, the Attorney(s) declare(s) that he/she/they has/have not received any notice of the revocation of such power.

Dated:

Signed\*\*\*\*

Name (printed):

Name (printed):

Capacity \*\*\*\*

Capacity \*\*\*\*

- If joint holders, each must sign.
- Companies must execute:
  - under seal; or
  - by two Directors signing this Proxy Form; or
  - by a Director and a company secretary signing this Proxy Form; or
  - (where it is a proprietary company where the sole director is also the sole company secretary) by that director signing this Proxy Form; or
  - by authorised officer; or
  - by attorney.

Please forward your proxy to MDS Financial Group Limited:

- in person: Company Secretary  
MDS Financial Group Limited  
Level 37, The Rialto South Tower  
525 Collins Street,  
Melbourne, Victoria

or - by fax: +61 3 9617 0699  
Attention: Company Secretary

or - by mail: Company Secretary  
MDS Financial Group Limited  
P O Box 274 Collins Street West  
Melbourne, Vic 8007