



Suite 13, The Parks
154 Fullarton Road
Rose Park SA 5067
P: 08 8431 2300 F: 08 8431 2400
W: www.mgmwireless.com
ABN 29 104 182 42

25th January, 2006

Companies Announcement Office
Australian Stock Exchange Limited
20 Bridge Street
Sydney NSW 2000

Notice of General Meeting - Director and employee incentive options

The company hereby gives notice of a Shareholder Meeting to seek approval for the granting of incentive options to Directors, leadership team and employees.

Offering competitive remuneration packages is essential in retaining and attracting new employees of the calibre and skills required to maintain the company's growth into the future. The Board feels this is an important process in the proper governance and management of the company.

The incentive options will be issued in two tranches with the exercise prices at \$0.07 and \$0.09 which is a 16.6% and 50% premium respectively to the company's closing share price on 23 January 2006.

Full details are provided in the accompanying Notice of Meeting and Explanatory Statement.

For more information call Mark Fortunatow on (08) 8431 2300

MGM WIRELESS LIMITED

ABN 93 091 351 530

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Shareholders of MGM Wireless Limited ("MGM" or "the Company") will be held at 10.00am on Tuesday, 28 February 2006 at the Rendezvous Allegra Hotel Adelaide, 55 Waymouth Street, Adelaide, South Australia.

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

Special Business

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

1. **Resolution 1:** Allotment of Incentive Options to Directors

"That, for the purposes of ASX Listing Rule 10.11, Section 195 and Chapter 2E of the Corporations Act 2001 and for all other purposes, the directors be authorised to grant a total of 6,300,000 Incentive Options to subscribe for Shares to Directors or their nominees as set out in the Explanatory Statement, (such Incentive Options to be issued on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting)."

The Company will disregard any votes cast on this resolution by a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2. **Resolution 2:** Allotment of Incentive Options to Consultants and Employees

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the directors be authorised to grant a total of 3,100,000 Incentive Options to subscribe for Shares to Consultants, Employees or their nominees as set out in the Explanatory Statement, (such Incentive Options to be issued on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting)."

The Company will disregard any votes cast on this resolution by a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the chairperson of 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 12th day of January 2006

By Order of the Board

M Fortunatow
Director

Proxies

For the purposes of determining voting entitlements at the general meeting, Shares will be taken to be held by persons who are registered as holding Shares at 5.00pm on 24 February 2006. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the general meeting.

Proxy and Voting Entitlement Instructions are included on the Proxy Form accompanying this Notice of General Meeting.

MGM WIRELESS LIMITED

ABN 93 091 351 530

EXPLANATORY STATEMENT

1. INTRODUCTION

This Explanatory Statement has been prepared for the information of members of MGM Wireless Limited ("MGM" or "the Company") in connection with the special business to be conducted at the general meeting of members to be held at the Rendezvous Allegra Hotel Adelaide, 55 Waymouth Street, Adelaide, South Australia on Tuesday, 28 February 2006 at 10.00am.

This Explanatory Statement forms part of and should be read in conjunction with the accompanying Notice of General Meeting.

ASX Listing Rule Requirements

ASX Listing Rule 7.1 relevantly provides that the prior approval of the shareholders of MGM is required to an issue of equity securities if the securities will, when aggregated with the securities issued by MGM during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

The issue and allotment of shares outlined in resolutions 1 and 2 will not exceed the 15% limit, however, ASX Listing Rule 7.1 provides that, where a company in general meeting approves an issue of equity securities such approval enables the company to issue further equity securities without exceeding the 15% in 12 months limitation.

The information required by ASX Listing Rules 7.1 and 7.3 to be provided to shareholders is contained within this Explanatory Statement and the Notice of General Meeting.

ASX Listing Rule 10.11 relevantly provides that the prior approval of shareholders of MGM is required for the issue of equity securities to a related party. If approval is given for the issue of securities under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1. ASX Listing Rule 10.13 sets out the information to be provided to shareholders in the notice of meeting. The company is seeking shareholder approval to the proposed allotments to related parties pursuant to resolution 1.

Corporations Act 2001 Requirements

Chapter 2E of the Corporations Act 2001("the Act") prohibits, subject to certain exceptions, a company from giving a financial benefit to a related party of the company without prior shareholder approval.

Mr M Fortunatow, Mr M Hurd and Mr R Sciano, (parties to which resolution 1 relates) are considered "related parties" for this purpose, whilst the issue of Incentive Options to them constitutes a "financial benefit" for this purpose.

Section 195 of the Act provides, in essence, that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a "material personal interest" are being considered.

As each director is considered to hold a material personal interest in the consideration of the issue of options to directors, a quorum cannot be formed to consider the matter at Board level. However, by reason of section 195(4) of the Act, the directors are permitted in such instances to put the matter before shareholders to consider and resolve.

The directors have accordingly exercised their right under section 195(4) of the Act and have resolved to place the proposed issue of Incentive Options to shareholders to consider and resolve upon.

2. ALLOTMENT OF INCENTIVE OPTIONS TO DIRECTORS - (Resolution 1)

The purpose of the issue is to remunerate the specified directors as an incentive for future services. The Directors believe that the future success of the Company will depend in large measure on the skills and motivation of the people engaged in and overseeing the management of the Company's operations. It is therefore important that the Company is able to attract and retain people of the highest calibre.

The Directors consider that the most appropriate means of achieving this is to provide the directors with an opportunity to participate in the Company's future growth and give them an incentive to contribute to that growth.

Issue of options as part of the remuneration packages of directors, senior executives and key consultants is a well established practice of junior public listed companies and, in the case of the Company, has the benefit of conserving cash whilst properly rewarding directors, executives and consultants.

The proposed participants in the issue of Incentive Options and the number of Incentive Options to be issued are:

Name	Position	Incentive Options (Exercise price - 7¢)	Incentive Options (Exercise price - 9¢)
Mr M Fortunatow	Executive Chairman	1,500,000	1,500,000
Mr M Hurd	Executive Director	1,500,000	1,500,000
Mr R Sciano	Non-Executive Director	300,000	-

ASX Listing Rules and the Corporations Act 2001 require shareholder approval to be obtained for the issue of options to related parties (the Directors).

The options referred to in resolution 1 will be issued free of charge and within one month after the date of this meeting to the nominated Directors.

In accordance with section 219 of the Act (and, in satisfaction of the information requirements of ASX Listing Rule 10.13), the following information is provided to shareholders to allow them to assess whether or not it is in the Company's interests to pass resolution 1:

- (a) Mr M Fortunatow, Mr M Hurd and Mr R Sciano, are the related parties to whom the proposed resolution would permit a financial benefit to be given. They are a related party to the Company by virtue of section 228 of the Act.
- (b) The nature of the financial benefit to be given to the related parties is the allotment of the Incentive Options free of charge on the terms and conditions set out in Annexure "A" in respect to 3,300,000 Incentive Options and Annexure "B" in respect to 3,000,000 Incentive Options.

The Incentive Options to be allotted will not be quoted on ASX and are non-transferable. The options must be exercised on or before 31 January 2010, after which date all of the options automatically lapse.

On the basis of the indicative option value, as detailed herein, the value of options proposed to be issued to the related parties, is as follows:

Name	No. of Incentive Options	Indicative Value \$
Mr M Fortunatow	3,000,000	17,430
Mr M Hurd	3,000,000	17,430
Mr R Sciano	300,000	2,247

The current annual directors' remuneration for Messrs Fortunatow, Hurd and Sciano is as follows:

Director	Position	Annual Remuneration \$
Mr M Fortunatow	Executive Chairman	170,000
Mr M Hurd	Executive Director	150,000
Mr R Sciano	Non-Executive Director	24,000

For the year ended 30 June 2005 remuneration paid to directors was as follows:

Director	Salary and Fees \$	Equity Options \$
Mr M Fortunatow	151,000	7,175
Mr M Hurd	98,000	7,175
Mr R Sciano	18,000	2,870

- (c) Excluding any securities proposed to be allotted to the related parties pursuant to proposed resolution 1, Mr Fortunatow, Mr Hurd and Mr Sciano have a relevant interest in the securities set out below:

Name	Shares	Incentive Options 31-Dec-2007 (3 cents)
Mr M Fortunatow	41,743,046	2,500,000
Mr M Hurd	12,542,500	2,500,000
Mr R Sciano	-	1,000,000

- (d) Mr Fortunatow, Mr Hurd and Mr Sciano do not wish to make any recommendation to members in their capacity as directors of the Company in relation to proposed resolution 1 because of their interest in the proposed grant of Incentive Options.
- (e) The parties to be granted Incentive Options have an interest in resolution 1. Details of the potential benefits and costs to the Company are listed below.
- (f) There is no other information known to the Directors or the Company that is reasonably required by shareholders to make a decision whether or not it is in the Company's interests to pass resolution 1, other than as set out throughout this Explanatory Statement (including the current entitlements of the Directors to securities in the Company). The Directors note that ASX Corporate Governance Principles and Recommendations state that non-executive directors should not be granted options or bonus payments as part of their remuneration package. Ultimately, shareholders will make that determination, but the Directors reiterate that options (for both executive and non-executive directors) are a cost effective benefit for small companies that seek to conserve cash reserves. They also provide an incentive that ultimately benefits both shareholders and the optionholder, as optionholders will only benefit if the market value of the underlying shares exceeds the option strike price.

Potential Benefits

If the options are issued pursuant to the proposed resolution, the Company considers the following benefits arise:

- Mr Fortunatow, Mr Hurd and Mr Sciano will have a vested interest in the affairs of the Company. As options are a performance based incentive, they will have that incentive to ensure that the Company is able to create a successful and profitable business. The consequential increase in shareholder value and the market price of the shares of the Company will benefit all shareholders and should have a corresponding increase in the value of these securities.

- The issue of options is a non-cash form of remuneration, thus conserving liquid funds.
- The exercise of the options will provide working capital for the company at no significant cost. If all the options proposed to be issued pursuant to resolution 1 are ultimately exercised, an amount of \$501,000 would be raised.

Dilution Effect and Potential Costs

The potential cost to the Company of the issue of an aggregate of 6,300,000 Incentive Options pursuant to resolution 1 is that there will be a dilution of the issued share capital if the Incentive Options are exercised. Based on 155,321,690 shares currently on issue, the exercise of the proposed Incentive Options to related parties would have a dilution effect of approximately 3.9% of non-associated shareholders interest in the company. If the other existing and proposed options held by third parties were also to be exercised the dilution effect would be significantly smaller.

The Directors do not consider that there are any opportunity costs to the Company or benefits foregone by the Company in respect of the proposed issue of options other than, if the options are exercised at a time when the market price of the Company's shares is greater than the exercise price of the options, there will be a detriment effect insofar as the Company will be required to issue shares at a price lower than it might otherwise have been able to, with the result that less funds will be raised.

The value of Incentive Options proposed to be issued is calculated using the Black and Scholes option valuation model as follows:

	Incentive Options	Incentive Options
Exercise price of options	7 cents	9 cents
Share price used (closing share price prior to preparation of this notice)	5.6 cents	5.6 cents
Risk free interest rate (based on the 3 year bond rate)	5.19%	5.19%
Length of exercise period	4 years	4 years
Volatility	25%	25%
Black and Scholes notional value	1.07 cents	0.59 cents

The price of the Company's Shares quoted on ASX over the past twelve months has ranged from a low of 2.6 cents on 12 and 14, January 2005, 23 and 28 February 2005, 4 March 2005 and 16 May 2005 to a high of 6.8 cents on 9 and 10 November 2005. The latest available price of the Company's shares quoted on the ASX, prior to the date of this Explanatory Statement, on 12 January 2006 was 5.6 cents.

It is considered appropriate to adjust the notional value calculated under Black and Scholes by a discount of 30% due to the lack of marketability, as the Incentive Options are non transferable.

Using the notional value computed above, the value of the proposed issues of securities is as follows:

	Number of Incentive Options	\$
M Fortunatow	3,000,000	17,430
M Hurd	3,000,000	17,430
R Sciano	300,000	2,247

Further details of the terms and conditions of the Incentive Options to be issued are at Appendix A and B to this Explanatory Statement. The granting of approval for the issue of these securities by shareholders excludes the issues from the calculation of the 15% limit on the further issue of securities by the Company over the next 12 months.

The securities referred to in resolution 1 will be issued free of charge and within one month after the date of this meeting.

3. PROPOSED GRANT OF OPTIONS TO CONSULTANTS AND EMPLOYEES (Resolution 2)

Resolution 2 of the Notice of General Meeting proposes the grant of up to 3,100,000 Incentive Options to consultants and employees of MGM.

The purpose of the proposed allotment of up to 3,100,000 Incentive Options is to provide a performance incentive to selected employees and/or consultants. The options to be allotted will not be quoted on ASX and are non-transferable. The options must be exercised on or before 31 January 2010, after which date all of the options automatically lapse.

The Options will be issued for no consideration.

No directors or their associates will participate in the allotment of Incentive Options approved under resolution 2.

In compliance with the information requirements of ASX Listing Rule 7.3 members are advised of the following particulars in relation to the proposed issue of options:

- (a) Maximum number of options to be issued:

3,100,000

- (b) Date by which MGM will issue options:

No later than three months after the date of the meeting.

- (c) Price at which options to be issued:

The options are being issued free as an incentive for work done for the Company.

- (d) Names of the allottees:

The names of the allottees and the number of Incentive Options to be issued are as follows:

Name	Number
Neville Bassett	300,000
Rick Calo	750,000
Sam McCarthy	300,000
Peter Scott	750,000
Unallocated (at discretion of Directors)	1,000,000

- (e) Terms of issue:

The Options will be issued on the terms and conditions as outlined in Appendix "A".

- (f) Intended use of funds raised:

The options will be issued for no consideration. There are no funds being raised from the allotment as the options will be issued as an incentive for work done for the Company.

- (g) Dates of allotment:

Allotment will occur progressively.

4. CAPITAL STRUCTURE

On completion of the issue of Incentive Options contemplated by this Notice of General Meeting the capital structure of the Company will change as follows:

BEFORE NEW ISSUES

Shares

<i>Number</i>	<i>Description</i>
155,321,690	fully paid ordinary shares

Options

<i>Number</i>	<i>Exercise Price</i>	<i>Expiry date</i>
14,103,380	\$0.20	30 November 2010
5,100,000	\$0.20	31 December 2010
2,000,000	\$0.03	30 June 2007
9,000,000	\$0.03	31 December 2007

ON COMPLETION OF NEW ISSUES (Assuming maximum number of securities issued)

Shares

<i>Number</i>	<i>Description</i>
155,321,690	fully paid ordinary shares

Options

<i>Number</i>	<i>Exercise Price</i>	<i>Expiry date</i>
14,103,380	\$0.20	30 November 2010
5,100,000	\$0.20	31 December 2010
2,000,000	\$0.03	30 June 2007
9,000,000	\$0.03	31 December 2007
6,400,000	\$0.07	31 January 2010
3,000,000	\$0.09	31 January 2010

6. DEFINITIONS

ASX	means Australian Stock Exchange Limited.
ASX Listing Rules	means the official listing rules of ASX.
Director	means a director of the Company.
Incentive Option	means an option to acquire a Share on the terms and conditions as specified in Annexure "A" or Annexure "B".
MGM or the Company	means MGM Wireless Limited (ABN 93 091 351 530)
Share	means a fully paid ordinary share in the capital of the Company and Shares has a corresponding meaning.

APPENDIX "A"

Terms and Conditions of Incentive Options

Subject to completion of twelve (12) months service with the Company, the options granted will entitle the holder to subscribe for and be allotted Shares as follows:

- (i) each option entitles the holder to subscribe for and be allotted one fully paid ordinary share upon payment of \$0.07 per option.
- (ii) the options shall lapse at 5.00pm Western Standard Time on 31 January 2010.
- (iii) the options shall be exercisable wholly or in part by notice in writing to the directors of the Company at any time until the expiry date on payment of \$0.07 per option.
- (iv) the options are non-transferable and no application will be made to the ASX for Official Quotation of the options.
- (v) there are no participating rights or entitlements inherent in the options and holders of the options will not be entitled to participate in new issues of capital which may be offered to shareholders during the currency of the option.

However, option holders have the right to exercise their options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the options, and will be granted a period of at least 9 business days before the date for determining entitlements to exercise the options.

- (vi) There are no rights to a change in exercise price, or in the number of Shares over which the options can be exercised, in the event of a pro rata or bonus issue of securities by the Company prior to the exercise of any options.
- (vii) within 10 business days of receipt of a properly executed option notice and the required application monies the number of shares specified in the notice will be allotted.
- (viii) shares issued on the exercise of the options will rank pari-passu with the then existing issued ordinary shares. The Company will apply for Official Quotation by ASX of all shares issued upon exercise of the options within three business days after the date of allotment of those shares.
- (ix) in the event of any reorganisation (including reconstruction, consolidation, subdivision, reduction or return) of the issued capital of the Company, the options will be reorganised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.

APPENDIX "B"

Terms and Conditions of Incentive Options

Subject to completion of twelve (12) months service with the Company, the options granted will entitle the holder to subscribe for and be allotted Shares as follows:

- (i) each option entitles the holder to subscribe for and be allotted one fully paid ordinary share upon payment of \$0.09 per option.
- (ii) the options shall lapse at 5.00pm Western Standard Time on 31 January 2010.
- (iii) the options shall be exercisable wholly or in part by notice in writing to the directors of the Company at any time until the expiry date on payment of \$0.09 per option.
- (iv) the options are non-transferable and no application will be made to the ASX for Official Quotation of the options.
- (v) there are no participating rights or entitlements inherent in the options and holders of the options will not be entitled to participate in new issues of capital which may be offered to shareholders during the currency of the option.

However, option holders have the right to exercise their options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the options, and will be granted a period of at least 9 business days before the date for determining entitlements to exercise the options.

- (vi) There are no rights to a change in exercise price, or in the number of Shares over which the options can be exercised, in the event of a pro rata or bonus issue of securities by the Company prior to the exercise of any options.
- (vii) within 10 business days of receipt of a properly executed option notice and the required application monies the number of shares specified in the notice will be allotted.
- (viii) shares issued on the exercise of the options will rank pari-passu with the then existing issued ordinary shares. The Company will apply for Official Quotation by ASX of all shares issued upon exercise of the options within three business days after the date of allotment of those shares.
- (ix) in the event of any reorganisation (including reconstruction, consolidation, subdivision, reduction or return) of the issued capital of the Company, the options will be reorganised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.

PROXY FORM

MGM WIRELESS LIMITED

ABN 93 091 351 530

Please return this proxy to:

*The Secretary
MGM Wireless Limited
Suite 13, The Parks
154 Fullarton Road
Rose Park SA 5067*

I/We.....
(block letters)

of.....
being a shareholder(s) of MGM Wireless Limited

HEREBY APPOINT

of.....

or failing him,.....

of.....
or failing him, the Chairman as my/our proxy to vote for me/us on my/our behalf at the General Meeting of the Company, to be held at 10.00am on Tuesday, 28 February 2006, and at any adjournment thereof in respect of:

- the whole of my/our shares
-of my/our shares
- * Please delete whichever is not required. If no deletion is made and the number of shares is not inserted and only one proxy is appointed, it will be assumed that the proxy is for all the shares registered in the name of the shareholder.

This form is to be used to vote on each of the Resolutions set out overleaf.

Signed this day of 2006.

If the member is an individual or joint holder

Signed by
Usual Signature Usual Signature

If the member is a company

Signed in accordance with the constitution of the company (affix common seal if appropriate)

.....
Director/Sole Director Director/Secretary Sole Director / Sole Secretary

RESOLUTIONS TO BE PROPOSED

1	Allotment of Incentive Options to Directors	☐ FOR*	☐ AGAINST*	☐ ABSTAIN*
2	Allotment of Incentive Options to Consultants and Employees	☐ FOR*	☐ AGAINST*	☐ ABSTAIN*

* Instructions as to Voting on Resolution 1

If the Chair 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 your proxy in respect to the resolution, please place a mark in the box.

☐

By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of the resolution and that votes cast by the Chair of the meeting other than as proxy holder will be disregarded because of that interest.

If you do not mark the box, and you have not directed your proxy how to vote, the Chair 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.

NOTES

1. Every shareholder entitled to attend and vote at the General Meeting is entitled to appoint not more than two proxies to attend and vote instead of such shareholder. Where more than one proxy is appointed each proxy must be appointed for a specified proportion of the shareholder's voting rights.
2. The instruments appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation under its common seal or otherwise in accordance with its Constitution. A proxy need not be a shareholder of the Company.
3. A proxy form must be deposited at the Company's principal office, Suite 13, The Parks , 154 Fullarton Road, Rose Park SA 5067 or faxed to (08) 8431 2400 not less than 48 hours before the time appointed for the meeting.
4. The power of attorney (if any) or the instrument appointing a proxy and the power of attorney (if any) under which it is signed or an office copy or notarially certified copy thereof must be deposited at the principal office of the Company not less than forty-eight (48) hours before the time for the holding of the General Meeting or adjourned meeting.
5. Should you wish to direct your proxy how to vote, please tick accordingly as set out above, otherwise your proxy may vote as he thinks fit.
6. The Chairman intends to vote all undirected proxies in favour of all resolutions, except with resolution 1. The Corporations Act 2001 does not allow the Chairman to vote undirected proxies in case of resolution 1.