



NOTICE OF ANNUAL GENERAL MEETING 2011

Dear Shareholder,

On behalf of the Board, I have pleasure in inviting you to the Annual General Meeting of the members of MOKO.mobi Limited (**Company**).

The Annual General Meeting will be held at Level 23, 101 Collins Street, Melbourne, Victoria on Wednesday 19 October 2011, commencing at 4:00pm (AEDT).

The formal Notice of Annual General Meeting is attached. Please read this carefully.

If you have elected to receive a hard copy of the Company's Annual Report, a copy of that Report is enclosed with this letter. A copy of the Company's Annual Report is also now available on the Company's website (corporate.moko.mobi).

The Directors are of the opinion that the adoption of each of the resolutions to be proposed at the Annual General Meeting is in the best interests of the shareholders of the Company. However, where a Director has an interest in the outcome of a particular resolution, he has refrained from making a recommendation.

Accordingly, where applicable, the Directors recommend that you vote in favour of each of the resolutions set out in the Notice of Annual General Meeting. I note that is my intention to vote all undirected proxies in favour of all the resolutions.

If you are unable or unwilling to attend the Meeting, the Directors urge you to vote on all the resolutions by completing and returning the accompanying Proxy Form directly to the Company in the manner set out in that Proxy Form. The Company must receive your duly completed Proxy Form by no later than **4:00pm (Melbourne time) on 17 October 2011**.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'G McCann'.

G McCann
Chairman
19 September 2011

NOTICE OF ANNUAL GENERAL MEETING 2011

The Annual General Meeting of MOKO.mobi Limited ABN 35 111 082 485 (**Company**) will be held at Level 23, 101 Collins Street, Melbourne, Victoria on Wednesday 19 October 2011, commencing at 4:00pm (AEDT).

Unless expressly provided otherwise, each capitalised term used in this Notice has the same meaning as is ascribed to it in the Glossary at the end of these Documents.

A G E N D A

BUSINESS

Annual Accounts and Reports

To receive and consider the income statements, balance sheets and cash flow statements of the Company, the statement by the Directors and the reports of the Directors and auditors for the year ended 30 June 2011.

Resolution 1 – Re-election of Greg McCann as Director

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

“That Mr Greg McCann, being a director of the Company who retires by rotation pursuant to Article 13.2 of the Constitution, and being eligible, be re-elected as a Director of the Company.”

Resolution 2 - Adoption of Remuneration Report

To consider and, if thought fit, to pass the following resolution as a **non-binding ordinary resolution**:

“That for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, approval is given to the adoption of the remuneration report as contained in the Company’s financial report for the year ended 30 June 2011.”

Short Explanation: The vote on this resolution is advisory only and does not bind the Directors or the Company.

Resolution 3 – Approval of Issues of Convertible Notes & Shares on Conversion of Notes – Johannes de Back Funding Agreement

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

“That for the purpose of ASX Listing Rules 10.11 and all other purposes, the issue of 14,285,714 fully paid ordinary shares and 14,285,714 options with an expiry date of 25 July 2013, exercisable at 10c each under the Johannes de Back Funding Agreement as set out in the Notice of Meeting, be approved.”

Resolution 4 – Approval of Issues of Convertible Notes & Shares on Conversion of Notes – Peter Yates Funding Agreement

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

“That for the purpose of ASX Listing Rules 10.11 and all other purposes, the issue of 3,571,429 fully paid ordinary shares and 3,571,429 options with an expiry date of 25 July 2013, exercisable at 10c each under the Peter Yates Funding Agreement as set out in the Notice of Meeting, be approved.”

Resolution 5 – Approval of issue of Director Options to Ian Rodwell

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

“That, for the purposes of Listing Rule 10.11 of the ASX Listing Rules, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to issue and allot 6,000,000 Director Options to Ian Rodwell or his nominee, for the purposes and upon the terms and conditions set out in the Explanatory Memorandum accompanying the Notice.”

Resolution 6 – Approval of issue of Director Options to Greg McCann

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

“That, subject to the passing of Resolution 1, for the purposes of Listing Rule 10.11 of the ASX Listing Rules, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to issue and allot 3,000,000 Director Options to Greg McCann or his nominee, for the purposes and the terms and conditions set out in the Explanatory Memorandum accompanying the Notice.”

Resolution 7 – Approval of issue of Director Options to Peter Yates

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

“That, for the purposes of Listing Rule 10.11 of the ASX Listing Rules, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to issue and allot 1,000,000 Director Options to Peter Yates or his nominee, for the purposes and the terms and conditions set out in the Explanatory Memorandum accompanying the Notice.”

Resolution 8 – Approval of issue of Director Options to Johannes de Back

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

“That, for the purposes of Listing Rule 10.11 of the ASX Listing Rules, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to issue and allot 2,000,000 Director Options to Johannes de Back or his nominee, for the purposes and the terms and conditions set out in the Explanatory Memorandum accompanying the Notice.”

Resolution 9 – Approval of issue of Staff Options

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

“That, for the purposes of Listing Rule 7.1 of the ASX Listing Rules and for all other purposes, approval is given for the Company to issue and allot up to 3,000,000 Staff Options to employees of the Company or their nominees as determined by the Directors, for the purposes and the terms and conditions set out in the Explanatory Memorandum accompanying the Notice.”

Resolution 10 – Approval of issue of Listed Options to Sendme Inc

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

“That, for the purposes of Listing Rule 7.1 of the ASX Listing Rules and for all other purposes, approval is given for the Company to issue and allot up to 9,000,000 Listed Options to Sendme Inc, for the purposes and the terms and conditions set out in the Explanatory Memorandum accompanying the Notice.”

Resolution 11 – Ratification of prior issues of Securities

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

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify and approve the allotment and issue of 15,247,188 Shares and 850,000 Staff Options, for the purposes and on the terms and conditions set out in the Explanatory Memorandum accompanying the Notice.”

Explanatory Memorandum

Attached to and forming part of this Notice is the Explanatory Memorandum which provides Shareholders with background information and further details on the Resolutions to be considered at the Meeting, in accordance with the ASX Listing Rules.

By Order of the Board



AW BURSILL
COMPANY SECRETARY
19 September 2011

EXPLANATORY MEMORANDUM

This Explanatory Memorandum forms part of the Notice of Annual General Meeting (**Notice**) of MOKO.mobi Limited ABN 35 111 082 485 (**Company**) to be held at Level 23, 101 Collins Street, Melbourne, Victoria on Wednesday 19 October 2011, commencing at 4:00pm (AEDT).

Unless expressly provided otherwise, each capitalised term used in this Explanatory Memorandum has the same meaning as is ascribed to it in the Glossary at the end of these Documents.

A. Applicable Listing Rules and Corporations Act provisions

ASX Listing Rule 7.1

ASX Listing Rule 7.1 requires that a listed company must obtain shareholder approval prior to the issue of Shares, or securities convertible into Shares (such as a convertible note), representing more than 15% of the issued capital of the Company in any 12 month period.

ASX Listing Rule 10.11

ASX Listing Rule 10.11 states that an entity must not issue or agree to issue equity securities to any of the following persons without the approval of holders of ordinary securities:

- (a) a related party; or
- (b) a person whose relationship with the entity or a related party is, in the ASX's opinion, such that approval should be obtained.

A "related party" for the purposes of the Corporations Act includes a director of a public company and accordingly Ian Rodwell, Greg McCann, Peter Yates and Johannes de Back are a "related party" to the Company.

In accordance with ASX Listing Rule 7.2, as Shareholder approval for Resolution 3, Resolution 4, Resolution 5, Resolution 6, Resolution 7 and Resolution 8 is being sought under ASX Listing Rule 10.11, ASX Listing Rule 7.2, Exception 14 provides that further Shareholder approval is not required to be obtained under ASX Listing Rule 7.1.

Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of a public company unless the benefit falls within one of various exceptions to the general prohibition. One of the exceptions includes where the company first obtains the approval of its shareholder in general meeting.

A "financial benefit" for the purposes of the Corporations Act includes issuing securities to a related party.

s250R (4) of the Corporations Act

There are new rules on the voting by chairpersons of undirected proxies in relation to resolutions on the remuneration report of listed companies. These new rules are in s250R of the *Corporations Act 2001* (Corporations Act), and were introduced with the enactment of the *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011*.

The Australian Government proposes to change the law during 2011 to clarify that chairpersons are permitted to vote undirected proxies in relation to remuneration reports, if shareholders provide express authorisation for the chairperson to vote such undirected proxies.

In the interim, unless the shareholder indicates otherwise by ticking either the 'for' or 'against' box on the proxy form, the shareholder will be directing the Chairman of the meeting to vote in accordance the Chairman's voting intentions.

It is the intention of the Chairman of the meeting vote in favour of all the resolutions contained in this Notice of Meeting and particular emphasis is given to Resolution 2 - Adoption of Remuneration Report, which contains the remuneration details of the Chairman.

Shareholders also have the ability to:

- **appoint the Chairman as proxy with a direction to cast the votes contrary to the Chairman's stated voting intention; or**
- **to abstain from voting on that resolution.**

B. Consideration of Accounts and Reports

The Company's Financial Report for the year ended 30 June 2011 is set out in the Company's 2011 Annual Report. In accordance with the Corporations Act, Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on the Financial Report and on the business and management of the Company.

During the discussion of this item, the Company's auditor will be present and will answer qualifying questions.

Written questions for the auditor

If you would like to submit a written question to the Company's auditor, please post your question to the Company Secretary or fax it to (612) 9299 9629. Written questions must relate to the content of the auditor's report to be considered at the Annual General Meeting or the conduct of the audit. A list of qualifying questions will be made available at the Annual General Meeting.

Please note that all questions must be received at least four Business Days before the Annual General Meeting, that is by no later than 4:00pm on Thursday 13 October 2011.

C. Resolution 1 – Re-election of Greg McCann as Director

Greg McCann was appointed as a director of the Company on 24 April 2007.

Article 13.2 of the Constitution requires one third of the Company's Directors to retire at each annual general meeting. It also provides that a Director who retires under Article 13.2 is eligible for re-election. Greg McCann retired by rotation and now seeks re-election in accordance with Article 13.2 of the Constitution.

The Directors (other than Mr McCann) recommend that you vote in favour of Resolution 1.

D. Resolution 2 – Adoption of Remuneration Report

The Remuneration Report is set out in the Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company.

The Corporations Act requires that a resolution to adopt the Remuneration Report be put to the vote of the Company. However, Shareholders should note that the vote on Resolution 2 is advisory only and not binding on the Company or its Directors.

It is the intention of the Chairman to vote in favour of resolution 2, unless the shareholder indicates otherwise by ticking either the 'for' or 'against' box on the proxy form, the shareholder will be directing the Chairman of the meeting to vote in favour of resolution 2.

Shareholders also have the ability to:

- **appoint the chairman as proxy with a direction to cast the votes contrary to the chairman's stated voting intention; or**
- **to abstain from voting on that resolution.**

Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 2 by Key Management Personnel (including Directors) details of whose remuneration are included in the remuneration report and any of their Associates.

However, the Company will 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.

E. Resolution 3 – Approval of Issues of Convertible Notes & Shares on Conversion of Notes – Johannes de Back Funding Agreement

As announced on 21 July 2011, the Company has entered into a funding agreement with a Mr Johannes de Back, a Director of the Company, for up to \$1 million in funding by issue of Convertible Notes (**Convertible Notes** or **Notes**).

The funds will be used primarily to expand MOKO's business development, sales and the product and development team and to accelerate growth.

Note Issue and Conversion

As also announced:

- a) The convertible notes will be repayable by the Company in full at maturity, being 6 months from the date of issue.
- b) At the discretion of the Company, at any time during that term, the convertible notes may also be repaid by way of issue of shares, and one additional listed 10c option for each share issued for no additional consideration, representing the total face value of the convertible note, with the shares to be issued at a price of \$0.07 each.

- c) The satisfaction of the convertible notes by means of the issue of shares will be conditional upon shareholder approval.

The Company now wishes to repay the convertible note by means of the issue of shares.

Application of Listing Rules

ASX Listing Rule 10.11 states that an entity must not issue or agree to issue equity securities to any of the following persons without the approval of holders of ordinary securities:

- (a) a related party; or
- (b) a person whose relationship with the entity or a related party is, in the ASX's opinion, such that approval should be obtained.

A "related party" for the purposes of the Corporations Act includes a director of a public company and accordingly Mr de Back is a "related party" to the Company.

In accordance with ASX Listing Rule 7.2, as Shareholder approval for Resolution 3, Resolution 4, Resolution 5, Resolution 6, Resolution 7 and Resolution 8 is being sought under ASX Listing Rule 10.11, ASX Listing Rule 7.2, Exception 14 provides that further Shareholder approval is not required to be obtained under ASX Listing Rule 7.1.

It should be noted that although Mr de Back is being provided a financial benefit by the issue of the shares in accordance with Resolution 3, under Section 210 of the Corporations Act, the benefit is being provided on an arm's length basis, with the Note conversion being on identical terms to that of a recently completed capital raising, and is such is not subject to the requirements of Chapter 2E of the Corporations Act.

Listing Rule Information

For the purposes of ASX Listing Rule 10.13, the following disclosure is made in respect of the Shares and listed options proposed to be granted to Mr Johannes de Back or his nominee, subject to the passing of Resolution 3:

- A. The name of the allottee is Johannes de Back, a Director of the Company, or his nominee.
- B. The maximum number of ordinary shares (shares) to be issued is 14,285,714.
- C. The issue price of shares to be issued is \$0.07.
- D. The actual number of listed options to be issued is 14,285,714.
- E. The Company proposes to issue the ordinary shares and listed options pursuant to Resolution 3 as soon as reasonably practicable after Resolution 3 is approved by Shareholders, but in any case by no later than 1 month after the date of the date of passage of Resolution 3.

- F. The intended use of funds raised – The funds will be used primarily to expand MOKO’s business development, sales and the product and development team and to accelerate growth

G. Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 3 by:

- participants in the issue the subject of Resolution 3; and
- any Associate of the participants in the issue the subject of Resolution 3.

However, the Company will 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.

Directors’ Recommendation and Reasons for Recommendation in relation to Resolution 3

The Directors recommend that Shareholders vote in favour of Resolution 3 as it allows the Company to preserve cash by repaying the funding commitment by the issue of fully paid ordinary shares on terms that are identical to those of the recently completed capital raising.

Subject to the noted exclusions, the Directors’ intend to vote all their Shares in favour of Resolution 3.

Additional Information for Resolution 3

The material terms and conditions for the Options proposed to be issued under Resolution 3 are contained within the summary of Additional Information for Resolution 3 and Resolution 4 in Paragraph G below.

F. Resolution 4 – Approval of Issues of Convertible Notes & Shares on Conversion of Notes – Peter Yates Funding Agreement

As announced on 21 July 2011, the Company has entered into a funding agreement with Mr Peter Yates, a Director of the Company, for up to \$250,000 in funding by issue Convertible Notes (**Convertible Notes** or **Notes**) to either Peter Yates or his Nominee.

The funds will be used primarily to expand MOKO’s business development, sales and the product and development team and to accelerate growth.

Note Issue and Conversion

As also announced:

- A. The convertible notes will be repayable by the Company in full at maturity, being 6 months from the date of issue.

- B. At the discretion of the Company, at any time during that term, the convertible notes may also be repaid by way of issue of shares, and one additional listed 10c option for each share issued for no additional consideration, representing the total face value of the convertible note, with the shares to be issued at a price of \$0.07 each.
- C. The satisfaction of the convertible notes by means of the issue of shares will be conditional upon shareholder approval.

The Company now wishes to repay the convertible note by means of the issue of shares.

Application of Listing Rules

ASX Listing Rule 10.11 states that an entity must not issue or agree to issue equity securities to any of the following persons without the approval of holders of ordinary securities:

- (a) a related party; or
- (b) a person whose relationship with the entity or a related party is, in the ASX's opinion, such that approval should be obtained.

A "related party" for the purposes of the Corporations Act includes a director of a public company and accordingly Peter Yates is a "related party" to the Company.

In accordance with ASX Listing Rule 7.2, as Shareholder approval for Resolution 3, Resolution 4, Resolution 5, Resolution 6, Resolution 7 and Resolution 8 is being sought under ASX Listing Rule 10.11, ASX Listing Rule 7.2, Exception 14 provides that further Shareholder approval is not required to be obtained under ASX Listing Rule 7.1.

It should be noted that although Mr Yates is being provided a financial benefit by the issue of the shares in accordance with Resolution 4, under Section 210 of the Corporations Act, the benefit is being provided on an arm's length basis, with the Note conversion being on identical terms to that of a recently completed capital raising, and is such is not subject to the requirements of Chapter 2E of the Corporations Act.

Listing Rule Information

For the purposes of ASX Listing Rule 10.13 , the following disclosure is made in respect of the Shares proposed to be granted to Peter Yates or his nominee, subject to the passing of Resolution 4:

- A. The names of the allottee of the shares is Peter Yates or his nominee.
- B. The actual number of ordinary shares (shares) to be issued 3,571,429.
- C. The issue price of shares to be issued is \$0.07.
- D. The actual number of listed options to be issued is 3,571,429.

- E. The Company proposes to issue the ordinary shares and listed options pursuant to Resolution 4 as soon as reasonably practicable after Resolution 4 is approved by Shareholders, but in any case by no later than 1 month after the date of the date of passage of Resolution 4.
- F. The intended use of funds raised – The funds will be used primarily to expand MOKO’s business development, sales and the product and development team and to accelerate growth

G. Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 4 by:

- participants in the issue the subject of Resolution 4; and
- any Associate of the participants in the issue the subject of Resolution 4.

However, the Company will 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.

Directors’ Recommendation and Reasons for Recommendation in relation to Resolution 4

The Directors recommend that Shareholders vote in favour of Resolution 4 as it allows the Company to preserve cash by repaying the funding commitment by the issue of fully paid ordinary shares on terms that are identical to those of the recently completed capital raising.

Subject to the noted exclusions, the Directors’ intend to vote all their Shares in favour of Resolution 4.

Additional Information for Resolution 4

The material terms and conditions for the Options proposed to be issued under Resolution 4 are contained within the summary of Additional Information for Resolution 3 and Resolution 4 in Paragraph G below.

G. Additional Information for Resolution 3 and 4

The material terms and conditions of the Options proposed to be issued under Resolution 3 and Resolution 4 are as follows:

A summary of the terms and conditions of the Options is set out below. Subject to these terms and conditions, each Option will entitle the holder (**Holder**) to subscribe for one fully paid ordinary share in the Company (**Share**) at an exercise price of the amount noted in the table above (**Exercise Price**).

- The Options will be issued for no additional cash consideration. Any proceeds received by the Company from the exercise of the Options will be used to provide additional working capital to the Company.
- The exercise price of the options is \$0.10.

- the Options will expire on 25 July 2013 (each an **Expiry Date**). Options not exercised on or before their respective Expiry Date will automatically lapse.
- Shares issued and allotted pursuant to the exercise of Options will rank equally in all respects with the then existing Shares and will be subject to the provisions of the Constitution.
- Subject to the following paragraphs, an Option does not confer the right to participate in new issues of securities by the Company without first exercising the Option. However, the Company will ensure that for the purpose of determining entitlements to any such issue, the Company will notify the Holder of a Option of the details of the new issue by the relevant date for the particular issue as determined in accordance with the Listing Rules.
- Adjustments to the number of Shares underlying each Option and/or the Exercise Price will be made in accordance with the requirements of the Listing Rules to take account of changes to the capital structure of the Company by way of pro-rata bonus and cash issues.
- The terms of the Options do not prevent the Options being reconstructed as required by the Listing Rules on a reconstruction of the Company's issued capital. The rights of a Holder of a Option may be changed to the extent necessary to comply with the Listing Rules that apply to a reorganisation of capital at the time of the reorganisation.
- In the event of any reconstructions of the Company's issued capital, Options will be treated in the following manner:
 - in the event of a consolidation of the Shares, the number of Options will be consolidated in the same ratio as the Shares and the Exercise Price will be amended in inverse proportion to that ratio;
 - in the event of a subdivision of the Shares, the number of Options will be subdivided in the same ratio as the Shares and the Exercise Price will be amended in inverse proportion to that ratio;
 - in the event of a pro-rata cancellation of Shares, the number of Options will be reduced in the same ratio as the Shares and the Exercise Price will be amended in inverse proportion to that ratio; and
 - in the event of any other reconstruction of the issued capital of the Company, the number of Options or the Exercise Price or both will be reconstructed (as appropriate) in a manner which will not result in any benefits being conferred on the Holders of the Options which are not conferred on Shareholders.
- The Company will apply to the ASX for, and will use its best endeavours to obtain, quotation or listing of all Shares issued and allotted on the exercise of a Option, but gives no assurance or undertaking that such quotation or listing will be granted or maintained.
- If the Company is liquidated, all unexercised Options will lapse.

H. Resolution 5 – Approval of issue of Director Options to Ian Rodwell

Resolution 5 seeks the approval of Shareholders to issue and allot a total of 6,000,000 Director Options to Ian Rodwell or his nominee, to incentivise his future performance.

Ian Rodwell has previously been issued with the following Options and Shares as reward for past performance and as an incentive for future performance:

- 1,000,000 Shares for nil cash consideration in April 2007 in accordance with terms of his employment contract;
- 3,000,000 Options granted in July 2007, with an expiry date of 15 June 2012, and an exercise price of 20 cents each;
- 3,000,000 Options granted in December 2008, with an expiry date of 25 July 2013, and an exercise price of 10 cents each;
- 3,000,000 Options granted in October 2009, with an expiry date of 25 July 2013, and an exercise price of 12 cents each. These Options were issued subject to the condition that they would not vest or become capable of exercise unless and until the Company achieved a break-even position for two consecutive quarters before 31 December 2010. The Company did not achieve a break-even position for any quarter prior to or including the period ended 31 December 2010. On that basis, these Options did not vest and have fully lapsed;
- 3,000,000 Options granted in December 2010, with an expiry date of 30 June 2014, and an exercise price of 12 cents each; and
- 3,000,000 Options granted in December 2010, with an expiry date of 30 June 2014, and an exercise price of 12 cents each. These Options were issued subject to the condition that they would not vest or become capable of exercise unless and until the Company achieved monthly operating revenue of \$350,000 during the financial year ending 30 June 2011. The Company did not achieve monthly operating revenue of \$350,000 for any month prior to or including the month ended 30 June 2011. On that basis, these Options did not vest and have fully lapsed.

Accordingly, the proposed issue of 6,000,000 Director Options to Ian Rodwell, will give him a financial benefit within the ambit of Chapter 2E of the Corporations Act.

For the purposes of ASX Listing Rule 10.13 and Chapter 2E of the Corporations Act, the following disclosure is made in respect of the Director Options proposed to be granted to Ian Rodwell or his nominee, subject to the passing of Resolution 5:

- A. The Company proposes to issue Directors Options to Ian Rodwell or his nominee.
- B. The maximum number of securities to be issued to Ian Rodwell pursuant to Resolution 5 is 6,000,000 Director Options.
- C. The Company proposes to issue the Director Options pursuant to Resolution 5 as soon as reasonably practicable after Resolution 5 is approved by Shareholders, but in any case by no later than 1 month after the date of passage of Resolution 5.
- D. The Director Options will be issued for no cash consideration and the material terms of the Director Options are contained within the summary of Additional Information for Resolution 5, Resolution 6, Resolution 7 and Resolution 8 set out below in Paragraph L below.
- E. There will be no funds raised by the issue of the Directors Options under Resolution 5. Any proceeds received by the Company from the exercise of the Options will be used to provide additional working capital to the Company.
- F. In accordance with Listing Rule 10.13.6, the Company will disregard any votes cast on Resolution 5 by:
 - Ian Rodwell or his nominee; and

- any associate of Ian Rodwell or his nominee.

However, the Company will not disregard a vote 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 a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Directors' Recommendation and Reasons for Recommendation in relation to Resolution 5

The Directors have refrained from making a recommendation in relation to Resolution 5 as there may be a perceived conflict in providing a recommendation on a fellow director's remuneration.

Additional Information for Resolution 5

The material terms and conditions for the Director Options proposed to be issued under Resolution 5 are contained within the within the summary of Additional Information for Resolution 5, Resolution 6, Resolution 7 and Resolution 8 in Paragraph L below.

I. Resolution 6 – Approval of issue of Director Options to Greg McCann

Resolution 6 seeks the approval of Shareholders to issue and allot 3,000,000 Director Options to Greg McCann or his nominee, to incentivise future performance.

Greg McCann has previously been issued with the following Options as reward for past performance and as an incentive for future performance:

- 1,000,000 Options granted in July 2007, expiry 15 June 2012, exercise price 20c each;
- 1,000,000 Options granted in October 2009, with an expiry date of 25 July 2013, and an exercise price of 12 cents each; and
- 2,000,000 Options granted in December 2010, with an expiry date of 30 June 2014, and an exercise price of 12 cents each.

For the purposes of ASX Listing Rule 10.13 and Chapter 2E of the Corporations Act, the following disclosure is made in respect of the Director Options proposed to be granted to Greg McCann or his nominee, subject to the passing of Resolution 6:

- A. The Company proposes to issue Directors Options to Greg McCann or his nominee.
- B. The maximum number of securities to be issued to Greg McCann is 3,000,000 Director Options.
- C. The Company proposes to issue the Director Options pursuant to Resolution 6 as soon as reasonably practicable after Resolution 6 is approved by Shareholders, but in any case by no later than 1 month after the date of the date of passage of Resolution 6.
- D. Greg McCann is a Director of the Company.

- E. The Director Options will be issued for no cash consideration and the material terms of the Director Options are contained within the summary of Additional Information for Resolution 5, Resolution 6, Resolution 7 and Resolution 8 set out under Paragraph L below.
- F. There will be no funds raised by the issue of the Directors Options under Resolution 6. Any proceeds received by the Company from the exercise of the Options will be used to provide additional working capital to the Company.
- G. In accordance with Listing Rule 10.13.6, the Company will disregard any votes cast on Resolution 6 by:
- Greg McCann or his nominee; and
 - any associate of Greg McCann or his nominee.

However, the Company will not disregard a vote 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 a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Directors' Recommendation and Reasons for Recommendation in relation to Resolution 6

The Directors have refrained from making a recommendation in relation to Resolution 6 as there may be a perceived conflict in providing a recommendation on a fellow director's remuneration.

Additional Information for Resolution 6

The material terms and conditions for the Director Options proposed to be issued under Resolution 6 are contained within the summary of Additional Information for Resolution 5, Resolution 6, Resolution 7 and Resolution 8 in Paragraph L below.

J. Resolution 7 – Approval of issue of Director Options to Peter Yates

Resolution 7 seeks the approval of Shareholders to issue and allot 1,000,000 Director Options to Peter Yates or his nominee, to incentivise future performance.

Peter Yates has previously been issued with Shares and Options as reward for past performance and as an incentive for future performance as follows:

- 1,000,000 Shares for nil consideration in April 2007 in compensation for executive search services in relation to the Company's initial public offering;
- 1,000,000 Options granted in October 2009, with an expiry date of 25 July 2013, and an exercise price of 12 cents each; and
- 1,000,000 Options granted in December 2010, with an expiry date of 30 June 2014, and an exercise price of 12 cents each.

For the purposes of ASX Listing Rule 10.13 and Chapter 2E of the Corporations Act, the following disclosure is made in respect of the Director Options proposed to be granted to Peter Yates or his nominee, subject to the passing of Resolution 7:

- A. The Company proposes to issue Directors Options to Peter Yates or his nominee.
- B. The maximum number of securities to be issued to Peter Yates pursuant to Resolution 7 is 1,000,000 Director Options.
- C. The Company proposes to issue the Director Options pursuant to Resolution 7 as soon as reasonably practicable after Resolution 7 is approved by Shareholders, but in any case by no later than 1 month after the date of the date of passage of Resolution 7.
- D. Peter Yates is a Director of the Company.
- E. The Director Options will be issued for no cash consideration and the material terms of the Director Options are contained within the summary of Additional Information for Resolution 5, Resolution 6, Resolution 7 and Resolution 8 set out in Paragraph L below.
- F. There will be no funds raised by the issue of the Director Options under Resolution 7. Any proceeds received by the Company from the exercise of the Options will be used to provide additional working capital to the Company.
- G. In accordance with Listing Rule 10.13.6, the Company will disregard any votes cast on Resolution 7 by:
 - Peter Yates or his nominee; and
 - any associate of Peter Yates or his nominee.

However, the Company will not disregard a vote 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 a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Directors' Recommendation and Reasons for Recommendation in relation to Resolution 7

The Directors have refrained from making a recommendation in relation to Resolution 7 as there may be a perceived conflict in providing a recommendation on a fellow director's remuneration.

Additional Information for Resolution 7

The material terms and conditions for the Director Options proposed to be issued under Resolution 7 are contained within the summary of Additional Information for Resolution 5, Resolution 6, Resolution 7 and Resolution 8 in Paragraph L below.

K. Resolution 8 – Approval of issue of Director Options to Johannes de Back

Resolution 8 seeks the approval of Shareholders to issue and allot 2,000,000 Director Options to Johannes de Back or his nominee, to incentivise future performance.

Johannes de Back has previously been issued with Options as reward for past performance and as an incentive for future performance as follows:

- 250,000 Options granted in December 2010, with an expiry date of 30 June 2014, and an exercise price of 12 cents each.

For the purposes of ASX Listing Rule 10.13 and Chapter 2E of the Corporations Act, the following disclosure is made in respect of the Director Options proposed to be granted to Johannes de Back or his nominee, subject to the passing of Resolution 8:

- A. The Company proposes to issue Directors Options to Johannes de Back or his nominee.
- B. The maximum number of securities to be issued to Johannes de Back pursuant to Resolution 8 is 2,000,000 Director Options.
- C. The Company proposes to issue the Director Options pursuant to Resolution 8 as soon as reasonably practicable after Resolution 8 is approved by Shareholders, but in any case by no later than 1 month after the date of the date of passage of Resolution 8.
- D. Johannes de Back is a Director of the Company.
- E. The Director Options will be issued for no cash consideration and the material terms of the Director Options are contained within the summary of Additional Information for Resolution 5, Resolution 6, Resolution 7 and Resolution 8 set out in Paragraph L below.
- F. There will be no funds raised by the issue of the Director Options under Resolution 8. Any proceeds received by the Company from the exercise of the Options will be used to provide additional working capital to the Company.
- G. In accordance with Listing Rule 10.13.6, the Company will disregard any votes cast on Resolution 8 by:
 - Johannes de Back or his nominee; and
 - any associate of Johannes de Back or his nominee.

However, the Company will not disregard a vote 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 a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Directors' Recommendation and Reasons for Recommendation in relation to Resolution 8

The Directors have refrained from making a recommendation in relation to Resolution 8 as there may be a perceived conflict in providing a recommendation on a fellow director's remuneration.

Additional Information for Resolution 8

The material terms and conditions for the Director Options proposed to be issued under Resolution 8 are contained within the summary of Additional Information for Resolution 5, Resolution 6, Resolution 7 and Resolution 8 in Paragraph L below.

L. Additional Information for Resolution 5, 6, 7 and 8

Ian Rodwell, the Company's CEO and managing director, has remained on the same salary since the Company's listing in 2007 and is currently paid cash remuneration significantly lower than peer company compensation packages. The options to be issued under Resolution 5 are considered a fair compensation for his efforts, and the reduced value of the cash component of his remuneration package.

Greg McCann, the Company's Chairman, spends considerable time in addition to his normal duties assisting the CEO with assessing and review various M&A activities, as well as administration and finance functions, in particular, due to the small staff numbers and administrative management team. These options to be issued under Resolution 6 are considered payment for the past year's contribution.

The options granted to non-executive directors, Mr Peter Yates and Mr Johannes de Back under Resolutions 7 and 8, are in lieu of the usual board fees normally paid. This is to conserve the Company's cash reserves as best possible. The difference in the number of options between each of these directors reflects the different levels of work they undertake for the company.

The Company's closing share price on 13 September 2011 was 6.9c. The highest share price in the last 12 months was 12.0c and the lowest share price in the last 12 months was 4.0c.

The material terms and conditions for the Director Options proposed to be issued under Resolution 5, Resolution 6, Resolution 7 and Resolution 8 are as follows:

- Subject to the terms and conditions below, each Director Option will entitle the holder (**Holder**) to subscribe for one (1) Share at \$0.12 per option.
- The Director Options that are the subject of Resolution 5, Resolution 6, Resolution 7 and Resolution 8 will vest immediately upon allotment;
- All Director Options will expire on 30 June 2014 (**Expiry Date**). Director Options not exercised on or before the Expiry Date will automatically lapse.
- If permitted by the Board, Director Options may be issued to a nominee of the relevant Director that is acceptable to the Board.
- The Director Options are not transferable except with the prior written consent of the Board.
- Shares issued and allotted pursuant to the exercise of Director Options will rank equally in all respects with the then existing Shares and will be subject to the provisions of the Constitution.
- Subject to the following paragraphs, a Director Option does not confer the right to participate in new issues of securities by the Company without first exercising that Directors Option. However, the Company will ensure that for the purpose of determining entitlements to any such issue, the Company will notify the Holders of Directors Options of the details of the new issue by the relevant date for the particular issue as determined in accordance with the Listing Rules.
- Adjustments to the number of Shares underlying each Director Option and/or the Exercise Price will be made in accordance with the requirements of the Listing Rules to take account of changes to the capital structure of the Company by way of pro-rata bonus and cash issues.

- The terms of the Director Options do not prevent the Director Options being reconstructed as required by the Listing Rules on a reconstruction of the Company's issued capital. The rights of a Holder of a Director Option may be changed to the extent necessary to comply with those Listing Rules that apply to a reorganisation of capital at the time of the reorganisation.
- In the event of any reconstructions of the Company's issued capital, Director Options will be treated in the following manner:
 - in the event of a consolidation of the Shares, the number of Director Options will be consolidated in the same ratio as the Shares and the Exercise Price will be amended in inverse proportion to that ratio;
 - in the event of a subdivision of the Shares, the number of Director Options will be subdivided in the same ratio as the Shares and the Exercise Price will be amended in inverse proportion to that ratio;
 - in the event of a pro-rata cancellation of Shares, the number of Director Options will be reduced in the same ratio as the Shares and the Exercise Price will be amended in inverse proportion to that ratio; and
 - in the event of any other reconstruction of the issued capital of the Company, the number of Director Options or the Exercise Price or both will be reconstructed (as appropriate) in a manner which will not result in any benefits being conferred on the Holders of the Director Options which are not conferred on Shareholders.
- The Company will apply to the ASX for, and will use its best endeavours to obtain, quotation of all Shares issued and allotted on the exercise of a Director Option, but gives no assurance or undertaking that such quotation will be granted or maintained. However, the Company will not be applying for the quotation of any Director Options, once issued.
- If the Company is liquidated, all unexercised Director Options will lapse.

The Director Options that are the subject of Resolution 5, Resolution 6, Resolution 7 and Resolution 8 have an assessed valuation of \$334,800 (using a price per Option of 2.79 cents per Director Option, being the mid-point of valuation of Directors Options as provided in the valuation report prepared by Stantons International Securities (SIS), based on the assessed fair value of the Director Options as calculated in the SIS Report. It is noted that SIS has valued the Director Options to be in a range of values between 2.13 **cents** to 3.50 **cents** per Director Option, based on volatilities ranging from 80% to 125%.

The fair value of the Director Options has been independently determined using a Black-Scholes option pricing model that takes into account the Exercise Price, the term of the Director Option, the impact of dilution, the Share price at grant date, the expected volatility of the underlying Share, the expected dividend yield and the risk free rate for the term of the Director Option.

The model inputs for the calculation of the range of values of these Director Options include:

- (i) Director Options are granted for no consideration, have a maximum life of 2.66 years, with all Director Options vesting immediately;
- (ii) Expected Grant Date: 31 October 2011;
- (iii) Exercise Price: the price that is \$0.12;

- (iv) Expiry Date: 30 June 2014;
- (v) ASX quoted Share price at valuation date: \$0.07;
- (vi) Expected Price Volatility of the Shares: 100%;
- (vii) Expected Dividend Yield: nil; and
- (viii) Risk-Free Interest Rate: 4.90%.

It is noted that the valuation has included a discount of 20% on the basis that the Director Options will not be quoted on the ASX.

The remuneration of the Directors for the year ending 30 June 2011 (for clarity that this is before the proposed Director Options, being the subject of Resolution 5, Resolution 6, Resolution 7 and Resolution 8) is as follows:

Table 1

2011	SHORT-TERM		POST-EMPLOYMENT		SHARE-BASED		Total
	Salary & Fees	Bonus	Super-annuation	Retirement benefits	Shares	Options	
	\$	\$	\$	\$	\$	\$	\$
Non-Executive Directors							
Greg McCann	59,633	40,000	5,367	-	-	112,000	217,000
Peter Yates	-	-	-	-	-	56,000	56,000
Johannes de Back	-	-	-	-	-	14,000	14,000
Executive Directors							
Ian Rodwell	248,190	50,000	22,337	-	-	168,000	488,567

It is not expected that this remuneration will change for the year ending 30 June 2012.

After the passing of the Resolution 3, Resolution 4, Resolution 5, Resolution 6, Resolution 7, Resolution 8, Resolution 9 and Resolution 10 and there being given effect, the Directors and Employee interests in Shares and Options will be as follows:

Table 2

Security Holder	PRIOR TO PASSING RESOLUTIONS 3 - 10					POST PASSING RESOLUTIONS 3 - 10				
	Ordinary Shares	Listed Options (10c, 25 July 2013)	Unlisted Options	Convertible Notes	Total holding (prior to passing of Resolutions 3 -10)	Ordinary Shares	Listed Options (10c, 25 July 2013)	Post Redemption of Convertible Notes (subject to shareholder approval)	Unlisted Options	Total holding (post passing of Resolutions 3 -10)
Greg McCann	2,111,111	Nil	4,000,000	Nil	6,111,111	2,111,111	0	0	7,000,000	9,111,111
Ian Rodwell	3,382,917	5,000	9,000,000	Nil	12,387,917	3,382,917	5,000	0	15,000,000	18,387,917
Johannes de Back	15,853,174	3,571,429	1,638,889	14,285,714	35,349,206	30,138,888	17,857,143	0	3,638,889	51,634,920
Peter Yates	22,159,849	5,624,971	2,000,000	3,571,429	33,356,249	25,731,278	9,196,400	0	3,000,000	37,927,678
Employees	259,520	Nil	9,715,000	Nil	9,974,520	259,520	0	0	12,715,000	12,974,520
Sendme Inc	15,122,188	Nil	Nil	Nil	15,122,188	15,122,188	9,000,000	0	0	24,122,188
Others	107,455,308	21,211,612	9,027,779	Nil	137,694,699	107,455,308	21,211,612	0	9,027,779	137,694,699
TOTAL	166,344,067	30,413,012	35,381,668	17,857,143	249,995,890	184,201,210	57,270,155	0	50,381,668	291,853,033

Table 3 sets out the dilutionary effect that, subject to obtaining the necessary Shareholder approvals for; Convertible Notes and Option proposed to be issued under Resolution 3 and Resolution 4; Director Options proposed to be issued under Resolution 5, Resolution 6, Resolution 7 and Resolution 8; Staff Options proposed to be issued under and Resolution 9; and Listed Options to Sendme Inc proposed to be issued under Resolution 10 will have.

Table 3

Security Holder	PRIOR TO PASSING RESOLUTIONS 3-10						POST PASSING RESOLUTIONS 3-10					
	No. Shares	No. of options	Convertible Notes	Voting power pre passing Resolutions 3-10 (assuming no exercise of options)	No. of shares if all options exercised	Fully Diluted Holding assuming all options exercised	No. Shares (Subject to passing resolutions 3-4)	No. of options (subject to passing resolutions 3-10)	Convertible Notes (subject to passing resolutions 3-4)	Voting power post passing resolutions 3-10 (assuming no exercise of options)	No. of shares if all options exercised	Fully Diluted Holding assuming all options exercised
Greg McCann	2,111,111	4,000,000	0	1.27%	6,111,111	2.63%	2,111,111	7,000,000	0	1.15%	9,111,111	3.12%
Ian Rodwell	3,382,917	9,005,000	0	2.03%	12,387,917	5.34%	3,382,917	15,005,000	0	1.84%	18,387,917	6.30%
Johannes de Back	15,853,174	5,210,318	14,285,714	9.53%	21,063,492	9.07%	30,138,888	21,496,032	0	16.36%	51,634,920	17.69%
Peter Yates	22,159,849	7,624,971	3,571,429	13.32%	29,784,820	12.83%	25,731,278	12,196,400	0	13.97%	37,927,678	13.00%
Employees	259,520	9,715,000	0	0.16%	9,974,520	4.30%	259,520	12,715,000	0	0.14%	12,974,520	4.45%
Sendme Inc	15,122,188	0	0	9.09%	15,122,188	6.51%	15,122,188	9,000,000	0	8.21%	24,122,188	8.27%
Others	107,455,308	30,239,391	0	64.60%	137,694,699	59.32%	107,455,308	30,239,391	0	58.34%	137,694,699	47.18%
Total	166,344,067	65,794,680	17,857,143	100.00%	232,138,747	100%	184,201,210	107,651,823	0	100.00%	291,853,033	100.00%

M. Resolution 9 – Approval of issue of Staff Options

Resolution 9 seeks the approval of Shareholders to issue and allot a maximum of 3,000,000 Staff Options to employees of the Company or their nominees to incentivise their future performance.

Employees of the Company have previously been issued with Options or Shares as reward for past performance and as an incentive for future performance as follows:

- 2,165,000 Options granted in December 2007, with an expiry date of 15 December 2012, and an exercise price of 20c each;
- 1,800,000 Options granted in December 2008, with an expiry date of 25 July 2013, and an exercise price of 10c each;
- 2,000,000 Options granted in October 2009, with an expiry date of 25 July 2013, and an exercise price of 12 cents each;
- 3,000,000 Options granted in December 2010, with an expiry date of 25 July 2013, and an exercise price of 12 cents each; and
- 2,950,000 Options granted in December 2010, with an expiry date of 30 June 2014, and an exercise price of 12 cents each.

No Directors will be entitled to receive any Staff Options.

In accordance with the disclosure requirements of Listing Rule 7.3:

- The maximum number of Staff Options to be issued under Resolution 9 is 3,000,000.
- The Staff Options will be issued by a date that is no later than 3 months after the date of the date of passage of Resolution 9.
- The Staff Options will be issued for no cash consideration. Any proceeds received by the Company from the exercise of the Options will be used to provide additional working capital to the Company.
- The Staff Options will be issued to current employees of the Company as determined by the Directors.
- The date for issue and allotment is expected to be 31 October 2011.

A summary of the terms and conditions of the Staff Options is set out below. Subject to these terms and conditions, each Staff Option will entitle the Holder to subscribe for one Share with the exercise price of \$0.12 each.

- The Staff Options will vest immediately upon allotment.
- All Staff Options will expire on 30 June 2014 (**Expiry Date**). Staff Options not exercised on or before the Expiry Date will automatically lapse.
- If permitted by the Board, Staff Options may be issued to a nominee of the Holder acceptable to the Board.
- The Staff Options are not transferable except with the prior consent of the Board.

- Shares issued and allotted pursuant to the exercise of Staff Options will rank equally in all respects with the then existing Shares and will be subject to the provisions of the Constitution.
- Subject to the following paragraphs, a Staff Option does not confer the right to participate in new issues of securities by the Company without first exercising the Staff Option. However, the Company will ensure that for the purpose of determining entitlements to any such issue, the Company will notify the Holder of a Staff Option of the details of the new issue by the relevant date for the particular issue as determined in accordance with the Listing Rules.
- Adjustments to the number of Shares underlying each Staff Option and/or the Exercise Price will be made in accordance with the requirements of the Listing Rules to take account of changes to the capital structure of the Company by way of pro-rata bonus and cash issues.
- The terms of the Staff Options do not prevent the Staff Options being reconstructed as required by the Listing Rules on a reconstruction of the Company's issued capital. The rights of a Holder of a Staff Option may be changed to the extent necessary to comply with those Listing Rules that apply to a reorganisation of capital at the time of the reorganisation.
- In the event of any reconstructions of the Company's issued capital, Staff Options will be treated in the following manner:
 - in the event of a consolidation of the Shares, the number of Staff Options will be consolidated in the same ratio as the Shares and the Exercise Price will be amended in inverse proportion to that ratio;
 - in the event of a subdivision of the Shares, the number of Staff Options will be subdivided in the same ratio as the Shares and the Exercise Price will be amended in inverse proportion to that ratio;
 - in the event of a pro-rata cancellation of Shares, the number of Staff Options will be reduced in the same ratio as the Shares and the Exercise Price will be amended in inverse proportion to that ratio; and
 - in the event of any other reconstruction of the issued capital of the Company, the number of Staff Options or the Exercise Price or both will be reconstructed (as appropriate) in a manner which will not result in any benefits being conferred on the holders of the Staff Options which are not conferred on Shareholders.
- The Company will apply to the ASX for, and will use its best endeavours to obtain, quotation or listing of all Shares issued and allotted on the exercise of a Staff Option, but gives no assurance or undertaking that such quotation or listing will be granted or maintained. However, the Company will not be applying for the quotation of any Staff Options, once issued.
- If the Company is liquidated, all unexercised Staff Options will lapse.

The Staff Options that are the subject of Resolution 9 have an assessed valuation of \$83,700 (using a price per Option of 2.79 cents per Staff Option, being the mid-point of valuation of Staff Options as provided in the valuation report prepared by Stantons International Securities (SIS), based on the assessed fair value of the Staff Options as calculated in the SIS Report. It is noted that SIS has valued the Staff Options to be in a range of values between 2.13 cents to 2.79 cents per Staff Option, based on volatilities ranging from 80% to 120%.

The fair value of the Staff Options has been independently determined using a Black-Scholes option pricing model that takes into account the Exercise Price, the term of the Staff Option, the impact of dilution, the Share price at grant date, the expected volatility of the underlying Share, the expected dividend yield and the risk free rate for the term of the Staff Option.

The model inputs for the calculation of the range of values of these Staff Options include:

- (i) Staff Options are granted for no consideration, have a maximum life of 2.66 years, with all Director Options vesting immediately;
- (ii) Expected Grant Date: 31 October 2011;
- (iii) Exercise Price: \$0.12 each ;
- (iv) Expiry Date: 30 June 2014;
- (v) ASX quoted Share price at valuation date: \$0.07;
- (vi) Expected Price Volatility of the Shares: 100%;
- (vii) Expected Dividend Yield: nil; and
- (viii) Risk-Free Interest Rate: 4.90%.

It is noted that the valuation has included a discount of 20% on the basis that the Staff Options will not be quoted on the ASX.

Directors' Recommendation and Reasons for Recommendation in relation to Resolution 9

The Directors believe it is in the best interests of the Company to have the authority to issue the Staff Options the subject of Resolution 9 to assist in rewarding the employees of the Company for past performance and incentivising them for future performance.

Each of the Directors will vote their Shares in favour of Resolution 9 and recommend that Shareholders vote in favour of Resolution 9.

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 9 by:

- any employee eligible to participate in the proposed issue of Staff Options under Resolution 9 or who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if Resolution 9 is passed or their nominee; and
- any associate of any employee eligible to participate in the proposed issued of Staff Options under Resolution 9 or who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, or their nominee.

However, the Company will not disregard a vote 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 a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

N. Resolution 10 – Approval of issue of Options to Sendme Inc

As announced on 26 July 2011, the Company reached an agreement with SendMe Inc. to acquire its U.S. mobile community mbuzzy.com.

M.buzzy.com is one of the top 10 Mobile Websites in the U.S. and has over 7.2 million registered mobile users. The deal further solidifies MOKO's U.S. presence, growing its global mobile user base to over 12.7 million registered users.

The terms of the acquisition were such that MOKO would issue Sendme Inc with 10% of MOKO's issued shares plus 9 million listed options in consideration of the mbuzzy.com business.

On 3 August 2011, MOKO issued and allotted 15,122,188 shares to Sendme Inc, being 10% of the issued capital of the Company at the time.

Resolution 10 seeks the approval of Shareholders to issue and allot 9,000,000 listed options to Sendme Inc as the remaining consideration required for the acquisition of the mbuzzy.com business.

The Options will be issued for no cash consideration. Any proceeds received by the Company from the exercise of the Options will be used to provide additional working capital to the Company.

A summary of the terms and conditions of the Options is set out below. Subject to these terms and conditions, each Option will entitle the holder (**Holder**) to subscribe for one fully paid ordinary share in the Company (**Share**) at an exercise price of the amount noted in the table above (**Exercise Price**).

- The date for issue and allotment is expected to be 31 October 2011.
- The exercise price of the options is \$0.10.
- the Options will expire on 25 July 2013 (each an **Expiry Date**). Options not exercised on or before their respective Expiry Date will automatically lapse.
- Shares issued and allotted pursuant to the exercise of Options will rank equally in all respects with the then existing Shares and will be subject to the provisions of the Constitution.
- Subject to the following paragraphs, an Option does not confer the right to participate in new issues of securities by the Company without first exercising the Option. However, the Company will ensure that for the purpose of determining entitlements to any such issue, the Company will notify the Holder of a Option of the details of the new issue by the relevant date for the particular issue as determined in accordance with the Listing Rules.
- Adjustments to the number of Shares underlying each Option and/or the Exercise Price will be made in accordance with the requirements of the Listing Rules to take account of changes to the capital structure of the Company by way of pro-rata bonus and cash issues.
- The terms of the Options do not prevent the Options being reconstructed as required by the Listing Rules on a reconstruction of the Company's issued capital. The rights of a Holder of a Option may be changed to the extent necessary to comply with the Listing Rules that apply to a reorganisation of capital at the time of the reorganisation.
- In the event of any reconstructions of the Company's issued capital, Options will be treated in the following manner:

- in the event of a consolidation of the Shares, the number of Options will be consolidated in the same ratio as the Shares and the Exercise Price will be amended in inverse proportion to that ratio;
 - in the event of a subdivision of the Shares, the number of Options will be subdivided in the same ratio as the Shares and the Exercise Price will be amended in inverse proportion to that ratio;
 - in the event of a pro-rata cancellation of Shares, the number of Options will be reduced in the same ratio as the Shares and the Exercise Price will be amended in inverse proportion to that ratio; and
 - in the event of any other reconstruction of the issued capital of the Company, the number of Options or the Exercise Price or both will be reconstructed (as appropriate) in a manner which will not result in any benefits being conferred on the Holders of the Options which are not conferred on Shareholders.
- The Company will apply to the ASX for, and will use its best endeavours to obtain, quotation or listing of all Shares issued and allotted on the exercise of a Option, but gives no assurance or undertaking that such quotation or listing will be granted or maintained.
 - If the Company is liquidated, all unexercised Options will lapse.

Directors' Recommendation and Reasons for Recommendation in relation to Resolution 10

The Board recommends Shareholders vote in favour of Resolution 10 as it allows the Company to allot the options required as part of the consideration for the acquisition of the mbuzzy.com business.

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 10 by:

- participants in the issue the subject of Resolution 10; and
- any associate of the participants in the issue the subject of Resolution 10.

However, the Company will not disregard a vote 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 a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

O. Resolution 11 – Ratification of prior issues of Securities

ASX Listing Rule 7.1 requires that a listed company obtain shareholder approval prior to the issue of shares, or securities convertible into shares, representing more than 15% of its ordinary issued capital in any twelve (12)-month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. This rule provides that where holders of ordinary securities approve the previous issue of securities made without approval under ASX Listing Rule 7.1 and provided that the previous issue of securities did not breach ASX Listing Rule

7.1 those securities shall be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

Shareholder approval of the issues of securities set out below is now sought pursuant to ASX Listing Rule 7.4 to re-instate the Company's capacity to issue up to 15% of its ordinary issued capital, if required, in the next twelve (12) months without limiting the Company's ability to also issue up to a further 15% of its equity capital in the next twelve (12) months.

ASX Listing Rule 7.5 requires the following information to be provided to Shareholders:

(a) the total number of securities issued was 15,247,188 Shares and 850,000 Staff Options;

(b) The table below lists the party who received the shares:

Issue and Allotment Date	Name	No of Shares
14 March 2011	EAC Partners Pty Limited	125,000
3 August 2011	SendMe Inc	15,122,188

(c) The abovementioned allottees were not a related parties of the Company;

(d) the purpose of the issue to EAC Partners Pty Limited was in exchange for non-cash remuneration on services rendered, the issue price at date of allotment was \$0.08 per share;

(e) the purpose of the issue to SendMe Inc was in exchange for non-cash consideration for the acquisition of the mbuzzy.com business, the issue price at date of allotment was \$0.07 per share;

(f) the Shares allotted and issued rank equally with, and be on the same terms as, the existing Shares on issue;

(g) The terms of the Options were exercisable at \$0.12 each and expiry date of 30 June 2014;

(h) The table below lists the party who received the options

Issue and Allotment Date	Name	No of Options
19 April 2011	Staff of MOKO	50,000
26 August 2011	Various Staff of MOKO	800,000

(i) The abovementioned allottees are employees of the Company;

(j) A summary of the terms and conditions of the Staff Options is set out below. Subject to these terms and conditions, each Staff Option will entitle the holder (**Holder**) to subscribe for one fully paid ordinary share in the Company (**Share**) at an exercise price of A\$0.12 each (**Exercise Price**).

- The Staff Options vest immediately upon allotment.
- All Staff Options will expire on 30 June 2014 (**Expiry Date**). Staff Options not exercised on or before the Expiry Date will automatically lapse.
- If permitted by the Board, Staff Options may be issued to a nominee of the Holder.
- The Staff Options are not transferable except with the prior consent of the Board.

- Shares issued and allotted pursuant to the exercise of Staff Options will rank equally in all respects with the then existing Shares and will be subject to the provisions of the Constitution.
- Subject to the following paragraphs, a Staff Option does not confer the right to participate in new issues of securities by the Company without first exercising the Staff Option. However, the Company will ensure that for the purpose of determining entitlements to any such issue, the Company will notify the Holder of a Staff Option of the details of the new issue by the relevant date for the particular issue as determined in accordance with the Listing Rules.
- Adjustments to the number of Shares underlying each Staff Option and/or the Exercise Price will be made in accordance with the requirements of the Listing Rules to take account of changes to the capital structure of the Company by way of pro-rata bonus and cash issues.
- The terms of the Staff Options do not prevent the Staff Options being reconstructed as required by the Listing Rules on a reconstruction of the Company's issued capital. The rights of a Holder of a Staff Option may be changed to the extent necessary to comply with those Listing Rules that apply to a reorganisation of capital at the time of the reorganisation.
- In the event of any reconstructions of the Company's issued capital, Staff Options will be treated in the following manner:
 - in the event of a consolidation of the Shares, the number of Staff Options will be consolidated in the same ratio as the Shares and the Exercise Price will be amended in inverse proportion to that ratio;
 - in the event of a subdivision of the Shares, the number of Staff Options will be subdivided in the same ratio as the Shares and the Exercise Price will be amended in inverse proportion to that ratio;
 - in the event of a pro-rata cancellation of Shares, the number of Staff Options will be reduced in the same ratio as the Shares and the Exercise Price will be amended in inverse proportion to that ratio; and
 - in the event of any other reconstruction of the issued capital of the Company, the number of Staff Options or the Exercise Price or both will be reconstructed (as appropriate) in a manner which will not result in any benefits being conferred on the holders of the Staff Options which are not conferred on Shareholders.
- The Company will apply to the ASX for, and will use its best endeavours to obtain, quotation or listing of all Shares issued and allotted on the exercise of a Staff Option, but gives no assurance or undertaking that such quotation or listing will be granted or maintained.
- If the Company is liquidated, all unexercised Staff Options will lapse.

(i) Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 11 by:

- participants in the issue the subject of Resolution 11; and
- any Associate of the participants in the issue the subject of Resolution 11.

However, the Company will 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.

Directors' Recommendation and Reasons for Recommendation in relation to Resolution 11

The Board recommends shareholders vote in favour of Resolution 11 as it allows the Company to ratify the above issue of securities and retain the flexibility to issue further securities representing up to 15% of the Company's share capital during the next twelve (12) months without limiting the Company's ability to also issue up to a further 15% of its equity capital in the next twelve (12) months. Subject to the noted exclusions, the Directors' intend to vote all their Shares in favour of Resolution 11.

Glossary of Terms

ASX means the ASX Limited ACN 008 624 691.

ASX Listing Rules means the rules and procedures issued and enforced by the ASX, as amended from time to time, including all guidance notes and appendices thereto.

AEDT means Australian Eastern Daylight Time, Melbourne, Victoria.

Board means the board of Directors, as constituted from time to time.

Company means MOKO.mobi Limited ABN 35 111 082 485.

Constitution means the constitution of the Company, as varied or amended from time to time.

Converting Note means a note issued by the Company on the terms set out in Paragraph E and Paragraph F of the Explanatory Memorandum.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a member of the board of directors of the Company.

Director Option means an Option issued to a Director pursuant to the passage of any of Resolution 5, Resolution 6, Resolution 7 or Resolution 8.

Documents means each of the Notice, Explanatory Memorandum and the Proxy Form and all other documents, that each constitute part of this booklet and that accompany each other when sent to each Shareholder.

Explanatory Memorandum means the explanatory memorandum that accompanies and forms part of the Documents.

Holder or **Shareholder** means the registered holder of a Share.

Meeting or **Annual General Meeting** means the annual general meeting being convened by the Directors and pursuant to the Notice.

Notice means this notice of annual general meeting of the Shareholders that accompanies and forms part of the Documents.

Option means an option to acquire a Share.

Proxy Form means the proxy form that accompanies and forms part of the Documents.

Relevant interest has the meaning given to that term in section 608 and section 609 of the Corporations Act.

Resolution means any one of the resolutions set out in the Notice.

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

Shareholder means the holder of a Share.

Staff Option means an Option issued to an employee of the Company pursuant to the passage of any of Resolution 9 and Resolution 11.

VWAP means the volume weighted average price of the Shares sold on the ASX during the 5 trading days immediately preceding and including the date on which such price is to be determined, but does not include any transactions defined in the ASX Business Rules as 'special' crossings prior to the commencement of normal trading, crossings during the after hours adjust phase nor any overseas trades or trades pursuant to the exercise of options over ordinary shares in the capital of the Company.

Interpretation

In these Documents, unless the context requires otherwise:

a reference to a word includes the singular and the plural of the word and vice versa;

- (a) a reference to a gender includes any gender;
- (b) if a word or phrase is defined, then other parts of speech and grammatical forms of that word or phrase have a corresponding meaning;
- (c) a term which refers to a natural person includes a company, a partnership, an association, a corporation, a body corporate, a joint venture or a governmental agency;
- (d) headings are included for convenience only and do not affect interpretation;
- (e) a reference to a document includes a reference to that document as amended, novated, supplemented, varied or replaced;
- (f) a reference to a thing includes a part of that thing and includes but is not limited to a right;
- (g) the terms "included", "including" and similar expressions when introducing a list of items do not exclude a reference to other items of the same class or genus;
- (h) a reference to a statute or statutory provision includes but is not limited to:
 - (i) a statute or statutory provision which amends, extends, consolidates or replaces the statute or statutory provision;
 - (ii) a statute or statutory provision which has been amended, extended, consolidated or replaced by the statute or statutory provision; and
 - (iii) subordinate legislation made under the statute or statutory provision including but not limited to an order, regulation, or instrument;
- (i) 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;
- (j) a reference to an asset includes all property or title of any nature including but not limited to a business, a right, a revenue and a benefit, whether beneficial, legal or otherwise.



MOKO.mobi Limited

ABN 35 111 082 485

LODGE YOUR VOTE



ONLINE

www.investorcentre.linkmarketservices.com.au



By mail:
MOKO.mobi Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



By fax: 02 9287 0309



All enquiries to: Telephone: 1300 554 474



X99999999999

SHAREHOLDER VOTING FORM

I/We being a member(s) of MOKO.mobi Limited and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

the Chairman
of the Meeting
(mark box)

OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 4:00pm on Wednesday, 19 October 2011, at Level 23, 101 Collins Street, Melbourne, Victoria and at any adjournment or postponement of the meeting.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting.

Please read the voting instructions overleaf before marking any boxes with an

STEP 2

VOTING DIRECTIONS

	For	Against	Abstain*		For	Against	Abstain*
1 Re-election of Greg McCann as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7 Issue of Director Options to Peter Yates	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Adoption of Remuneration Report (non binding)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8 Issue of Director Options to Johannes de Back	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Issue of Convertible Notes and Shares on Conversion of Notes - Johannes de Back	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9 Issue of Staff Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Issue of Convertible Notes and Shares on Conversion of Notes - Peter Yates	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10 Issue of Listed Options to Sendme Inc	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Issue of Director Options to Ian Rodwell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11 Ratification of prior issues of Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Issue of Director Options to Greg McCann	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

* 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.

STEP 3

IMPORTANT - FOR RESOLUTIONS 2,3,4,5,6,7,8,9 AND 11

If the Chairman of the Meeting is your proxy or is appointed as your proxy by default:

By marking this box, you are directing the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Resolutions 2,3,4,5,6,7,8,9 and 11 as set out above and in the Notice of Meeting. If you do not mark this box, and you have not directed your proxy how to vote on Resolutions 2,3,4,5,6,7,8,9 and 11, the Chairman of the Meeting will not cast your votes on Resolutions 2,3,4,5,6,7,8,9 and 11 and your votes will not be counted in computing the required majority if a poll is called on these items. If you appoint the Chairman of the Meeting as your proxy you can direct the Chairman how to vote by either marking the boxes in Step 2 above (for example if you wish to vote against or abstain from voting) or by marking this box (in which case the Chairman of the Meeting will vote in favour of Resolutions 2,3,4,5,6,7,8,9 and 11).

The Chairman of the Meeting intends to vote all available proxies in favour of Resolutions 2,3,4,5,6,7,8,9 and 11.

I/We direct the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Resolutions 2,3,4,5,6,7,8,9 and 11 (except where I/we have indicated a different voting intention above) and acknowledge that the Chairman of the Meeting may exercise my proxy even though Resolutions 2,3,4,5,6,7,8,9 and 11 are connected directly or indirectly with the remuneration of a member of key management personnel and/or even if the Chairman of the Meeting has an interest in the outcome of these items and that votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest.

STEP 4

SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

MKB PRX102



HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you leave this 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. A proxy may be an individual or a body corporate.

Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares 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 shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, 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's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares 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.
- (b) return both forms together.

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, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. 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.

Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the company's share registry.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **4:00pm on Monday, 17 October 2011**, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE > www.investorcentre.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).



by mail:

MOKO.mobi Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



by fax:

+61 2 9287 0309



by hand:

delivering it to Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000.

**If you would like to attend and vote at the Annual General Meeting, please bring this form with you.
This will assist in registering your attendance.**