

**Notice of Extraordinary General Meeting**  
**Hamilton James & Bruce Group Limited**  
ABN 90 091 302 975 ("Company")  
Registered Office: Level 12, 20 Bridge Street, Sydney NSW 2000



**An Extraordinary General Meeting of the Company will be held:**

**At:** Level 12, 20 Bridge Street, Sydney

**On:** Tuesday, 25<sup>th</sup> August 2009

**At:** 10:00am (Sydney time)

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**A. ITEMS FOR APPROVAL**

**Resolution 1 – Approval of issue of ordinary shares to related parties under Convertible Note Facility Agreement**

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

"That, for the purposes of ASX Listing Rule 10.11.1 and all other purposes, the Company approves the issue of up to 250 Convertible Notes to the value of \$1,250,000 (which are convertible into a maximum of 83,333,333 Shares) to the following related parties of the Company in accordance with the terms and conditions of the Convertible Note Facility Agreement set out in the Explanatory Statement which forms part of this notice of meeting:

- (a) Mr Timothy Burton-Taylor – up to 40 Convertible Notes to the value of \$200,000;
- (b) Ms Deborah Mary Wilson – up to 20 Convertible Notes to the value of \$100,000;
- (c) Mr Mohit Prasad – up to 40 Convertible Notes to the value of \$200,000;
- (d) Mr Stephen Roberts - up to 10 Convertible Notes to the value of \$50,000; and
- (e) Mr Victor John Plummer – up to 140 Convertible Notes to the value of \$700,000".

*Voting Exclusion Statement*

Pursuant to ASX Listing Rule 14.11, the Company will disregard any votes cast on this resolution by Mr Timothy Burton-Taylor, Ms Deborah Mary Wilson, Mr Mohit Prasad, Mr Stephen Roberts and Mr Victor John Plummer and any of their associates.

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.

**Resolution 2 – Approval of issue of ordinary shares to unrelated third parties under Convertible Note Facility Agreement**

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

"That, for the purposes of ASX Listing Rule 7.1 and all other purposes, the Company approves the issue of up to 150 Convertible Notes to the value of \$750,000 (which are convertible into a maximum of 50,000,000 Shares) to Ms Belinda Green and other unrelated third parties in accordance with the terms and conditions of the Convertible Note Facility Agreement set out in the Explanatory Statement which forms part of this notice of meeting".

*Voting Exclusion Statement*

Pursuant to ASX Listing Rule 14.11, the Company will disregard any votes cast on this resolution by any person who subscribes for Convertible Notes and any of their associates.

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.

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**By Order of the Board**

**Mohit Prasad**  
**COMPANY SECRETARY**  
23 July 2009

## EXPLANATORY STATEMENT AND NOTES

The Notice of Extraordinary General Meeting should be read in conjunction with this Explanatory Statement and Notes, which form part of the Notice of Extraordinary General Meeting. A Glossary of key terms is set out at the end of this document.

The purpose of this Explanatory Statement is to provide Shareholders with information that is reasonably required by Shareholders to decide how to vote upon the Resolutions. The Directors recommend that Shareholders read this Explanatory Statement before determining whether or not to support the Resolutions.

Each of the Resolutions to be voted on is an ordinary Resolution. An ordinary resolution requires a simple majority of votes cast by shareholders entitled to vote on the Resolution.

### Resolution 1– Approval of issue of Convertible Notes to related parties of the Company

#### 1.1 Background

The Company proposes to raise up to \$1,250,000 for working capital purposes by issuing up to 250 Convertible Notes (which would give Noteholders the right to be issued up to 83,333,333 new Shares on conversion) in accordance with the terms of the Convertible Note Facility Agreement. The material terms of the Convertible Note Facility Agreement are set out in section 3 below.

The Company requires urgent funding for working capital purposes. The Company has recently explored a number of alternative sources of funding, including under a rights issue of Shares in January 2009 (which was not widely taken up by Shareholders) and bank finance. In the absence of obtaining alternative sources of finance, the Directors and the Company's major Shareholder, Mr Victor John Plummer, have agreed to provide additional funding to the Company in the form of the Convertible Notes. It is noted that all Convertible Notes issued will be unsecured.

It is proposed that the Directors and Mr Victor John Plummer (or their respective associates) are to subscribe for Convertible Notes under the Convertible Note Facility Agreement as follows:

- (a) Mr Timothy Burton-Taylor – up to 40 Convertible Notes to the value of \$200,000;
- (b) Ms Deborah Mary Wilson – up to 20 Convertible Notes to the value of \$100,000;
- (c) Mr Mohit Prasad – up to 40 Convertible Notes to the value of \$200,000;
- (d) Mr Stephen Roberts - up to 10 Convertible Notes to the value of \$50,000; and
- (e) Mr Victor John Plummer – up to 140 Convertible Notes to the value of \$700,000.

The table below sets out the shareholdings of the Directors and Mr Victor John Plummer (which includes Shares held by their respective associated entities) and others before the issue of any Convertible Notes and after all Convertible Notes are converted (on the basis that all 400 Convertible Notes are subscribed for and are converted to Shares in accordance with the Convertible Note Facility Agreement).

Name	BEFORE Issue of Convertible Notes		AFTER conversion of all Convertible Notes	
	No. of Shares	% of Shares	No. of Shares	% of Shares
MIR VICTOR JOHN PLUMMER	74,970,141	55.83	121,636,808	45.21
MIR TIM BURTON-TAYLOR	10,679,588	7.95	24,012,921	8.93
MIR STEPHEN ROBERTS	2,788,331	2.08	6,121,664	2.28
MS DEBORAH WILSON	1,039,697	0.77	7,706,364	2.86
MIR MOHIT PRASAD	-	-	13,333,333	4.96
TOTAL OF OTHER SHAREHOLDERS	44,805,613	33.37	96,215,613	35.76
TOTAL SHARES	134,283,370	100.00	269,026,703	100.00

#### 1.2 Chapter 2E of the Corporations Act

Under Chapter 2E of the Corporations Act, the Company must not give a financial benefit to a related party of the Company unless an exception applies or unless the Company obtains the approval of its Shareholders. For the purposes of Chapter 2E, Mr Timothy-Burton Taylor, Ms Deborah Mary Wilson, Mr Mohit Prasad and Mr Stephen Roberts (who are all Directors) and Mr Victor John Plummer (who is the Company's major shareholder) are related parties of the Company.

Given that the Company has not been able to obtain alternative sources of funding for working capital purposes (as discussed under section 1.1 above), the terms of the Convertible Note Facility Agreement as negotiated are regarded as reasonable in all of the circumstances. In this regard, the Directors note that the Convertible Notes are unsecured. Accordingly, the Directors have formed the view that Shareholder approval under Chapter 2E of the Corporations Act is not required for the issue of the Convertible Notes to the Directors (and their associates) and Mr Victor John Plummer (and his associates).

#### 1.3 ASX Listing Rules 7.1 and 10.11.1

Under ASX Listing Rule 7.1, the Company must not, without the approval of Shareholders, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as a convertible note), if the number of those securities exceeds 15% of the number of securities in the same class that the Company had on issue at the commencement of that 12 month period.

ASX Listing Rule 10.11.1 provides that, unless a specified exception applies, a company must not issue or agree to issue securities to a related party without the approval of ordinary shareholders.

The Directors (and their associated entities) and Mr Victor John Plummer (and his associated entities) are related parties for the purposes of ASX Listing Rule 10.11.1. Accordingly, the Company is seeking Shareholder approval for all of the Convertible Notes proposed to be issued to Directors (or their associated entities) and to Mr Victor John Plummer (and his associated entities).

Exception 14 of ASX Listing Rule 7.2 provides that if approval for the issue of securities is given under ASX Listing Rule 10.11, then approval is not required under ASX Listing Rule 7.1. Accordingly, if Resolution 1 is passed the Company will have the flexibility to issue further securities in the future to the maximum extent under ASX Listing Rule 7.1, if the need or opportunity arises.

#### 1.4 ASX Listing Rule 10.13

For the purposes of ASX Listing Rule 10.13, the following information is provided:

- (a) the names of the subscribers of the Convertible Notes (who are related parties for the purposes of ASX Listing Rule 10.11) as set out in the Convertible Note Facility Agreement are:
  - (i) Mr Timothy Burton-Taylor;
  - (ii) Ms Deborah Mary Wilson;
  - (iii) Mr Mohit Prasad;
  - (iv) Mr Stephen Roberts; and
  - (v) Mr Victor John Plummer;or their respective associates;
- (b) the maximum number of Shares the Company may issue under the Convertible Note Facility Agreement to these related parties is 83,333,333;
- (c) the Convertible Notes (in the case of the Directors or their associates and Mr Victor John Plummer or his associates) will be issued within one month of the date of the Extraordinary General Meeting;
- (d) the issue price of the Shares to be issued under the Convertible Note Facility Agreement is \$0.015;
- (e) the material terms of the Convertible Notes are set out in section 3 below; and
- (f) the funds raised from the issue of the Convertible Note are to be used for working capital purposes.

### Resolution 2 – Approval of issue of Convertible Notes to unrelated third parties under Convertible Note Facility Agreement

#### 2.1 Background

Resolution 2 seeks Shareholder approval in accordance with ASX Listing Rule 7.1 for the proposed issue of up to 150 Convertible Notes to the value of \$750,000 to third parties (who, except for Ms Belinda Green, are yet to be identified but who will not be related parties of the Company), which would give those Noteholders the right to be issued up to 50,000,000 new Shares on conversion, in accordance with the terms of the Convertible Note Facility Agreement. Ms Belinda Green, who is the Group Financial Controller of the Company but not a related party for the purposes of the Corporations Act, has agreed to subscribe for up to 4 Convertible Notes to the value of \$20,000.

In addition to the \$1,250,000 proposed to be raised by the Company under Resolution 1 from related parties, the Company also proposes to raise \$750,000 from unrelated third parties as set out in this Resolution 2. The proposed raising of \$750,000 under this Resolution 2 is also for working capital purposes and for the reasons set out under section 1.1 of Resolution 1 above.

A summary of ASX Listing Rule 7.1 is set out below in section 2.2 below.

By approving the issue, the Company will be able to issue 150 Convertible Notes to the value of \$750,000 to unrelated third parties of the Company which would exceed the number of securities permitted to be issued under ASX Listing Rule 7.1, and will also have flexibility to issue further securities under the annual 15% placement capacity as set out in ASX Listing Rule 7.1 without seeking Shareholder approval, if the need or opportunity arises.

A table showing the before and after share structure following the subscription and conversion of all Convertible Notes is set out under section 1.1 of Resolution 1 above.

The Company will approach third parties (including business partners and other persons who have an association with or interest in the Company) and invite them to participate in this offering, at the discretion of the Board. None of these parties will be related parties of the Company (for the purposes of the Corporations Act or the ASX Listing Rules).

#### 2.2 ASX Listing Rule 7.1

Under ASX Listing Rule 7.1, the Company must not, without the approval of Shareholders, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as a convertible note), if the number of those securities exceeds 15% of the number of securities in the same class that the Company had on issue at the commencement of that 12 month period.

It is noted, that as at the date of this Notice of Extraordinary General Meeting, the Company has 134,283,370 Shares on issue. Exception 14 of ASX Listing Rule 7.2 provides that if approval for the issue of securities is given under ASX Listing Rule 10.11, then approval is not required under ASX Listing Rule 7.1. Accordingly, separate approval under ASX Listing Rule 7.1 is not required for the Convertible Notes to be issued to related parties of the Company under Resolution 1. However, the Company is seeking Shareholder approval for the issue of up to 150 Convertible Notes to unrelated parties under Resolution 2 as the issue of up to 150 Convertible Notes could result in 50,000,000 Shares being issued, which is in excess of the Company's annual 15% placement capacity.

### 2.3 Notice requirements for approval under ASX Listing Rule 7.1 and 7.1.5(a)

Under ASX Listing Rule 7.3, the following information is provided in relation to Resolution 2:

- (a) the maximum number of Shares the Company may issue under the Convertible Note Facility Agreement to unrelated third parties is 50,000,000;
- (b) the Convertible Notes (in the case of all persons other than the Directors and Mr Victor John Plummer or their associates) will be issued within 3 months of the date of the Extraordinary General Meeting;
- (c) the issue price of the Shares to be issued under the Convertible Note Facility Agreement is \$0.015;
- (d) the names of the subscribers of the Convertible Notes as set out in the Convertible Note Facility Agreement are:
  - (i) Ms Belinda Green (who is the Group Financial Controller of the Company, but not a related party for the purposes of the Corporations Act) - up to 4 Convertible Notes to the value of \$20,000; and
  - (ii) other persons who are not able to be identified at this time. However, as mentioned above, the Company is proposing to approach Shareholders and Business Partners (who, in each case, are not related parties of the Company);
- (e) the material terms of the Convertible Notes are set out in section 3 below;
- (f) the funds raised from the issue of the Convertible Note are to be used for working capital purposes; and
- (g) the Company plans to allot the Convertible Notes progressively as documentation is completed and monies are received.

### 3. Terms of the Convertible Notes

The material terms of the Convertible Notes are as follows:

- (a) each Convertible Note has a face value of \$5,000;
- (b) the Convertible Notes will pay a fixed rate of interest of 9% per annum, payable quarterly;
- (c) the conversion price of the Convertible Notes is \$0.015 per Share;
- (d) the Noteholders will have right to convert their Convertible Notes into Shares on the happening of a Conversion Event, being any of the following events:
  - (i) the second anniversary of the subscription date of the Convertible Notes;
  - (ii) on announcement that it is proposed that the Company no longer be listed on any Australian stock exchange;
  - (iii) on announcement by the Company that it will proceed with a rights issue or bonus issue (except to employees under any Company employee share scheme);
  - (iv) in the event of a takeover or merger of the Company;
  - (v) on the occurrence of an event of default (as specified in the Convertible Note Facility Agreement); and
  - (vi) on the Company giving the Noteholder written notice that it wishes to redeem the Convertible Notes as a result of a change of control;
- (e) Noteholders have a right to redeem the Convertible Notes for cash on expiry of the second anniversary of the subscription date of the Convertible Notes;
- (f) the Company has a right to redeem the Convertible Notes for cash in the event of a change of control prior to the second anniversary of the subscription date of the Convertible Notes;
- (g) on redemption, the Company will repay to the Noteholders in respect of each unconverted Convertible Note the face value (i.e. \$5,000 per Convertible Note);
- (h) if a Noteholder decides not to exercise its right to redeem for cash on expiry of the second anniversary of the subscription date, the Convertible Notes will convert into Shares at a rate of \$0.015 per Share;
- (i) the Convertible Notes are unsecured and will rank equally with other unsecured obligations of the Company;
- (j) new Shares issued on conversion of the Convertible Notes will rank equally with the Shares;
- (k) the Convertible Notes do not carry a right to vote at general meetings of the Company; and
- (l) the Convertible Notes do not contain participation rights with respect to rights or bonus issues.

## Recommendation of the Directors

The Chairman will give shareholders a reasonable opportunity to ask questions about or make comments on the Resolutions.

Each of the Directors independently and separately recommends that the Shareholders vote in favour of each of the resolutions set out in this notice. Mr Timothy-Burton Taylor, Ms Deborah Mary Wilson, Mr Stephen Roberts and Mr Mohit Prasad acknowledge that each has an interest in Resolution 1.

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## GLOSSARY OF TERMS

<b>ASIC</b>	Australian Securities & Investment Commission
<b>ASX</b>	Australian Securities Exchange
<b>ASX Listing Rules</b>	the Listing Rules of ASX
<b>Board</b>	the Board of Directors of the Company from time to time
<b>Broker</b>	a member organisation of ASX
<b>Business Day</b>	the same meaning as in the ASX Listing Rules
<b>CHESS</b>	Clearing House Electronic Subregister System
<b>Company</b>	Hamilton James & Bruce Group Limited ACN 091 302 975
<b>Convertible Note</b>	means a convertible note under the Convertible Note Facility Agreement
<b>Convertible Note Facility Agreement</b>	means the Convertible Note Facility Agreement dated on or around the date of this Notice
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth)
<b>Director</b>	a Director of the Company
<b>Explanatory Notes</b>	means this document which accompanies the Notice of Meeting
<b>Extraordinary General Meeting</b>	the Extraordinary General Meeting of Shareholders to be held on 25 August 2009
<b>Noteholder</b>	means a holder of a Convertible Note
<b>Registry</b>	Link Market Services Limited ACN 083 214 537
<b>Resolution</b>	means a resolution set out in the Notice of Meeting
<b>Shares</b>	fully paid ordinary shares in the capital of the Company
<b>Shareholder</b>	means a holder of Shares in the Company

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## VOTING

It has been determined by the Directors under Regulation 7.11.37 of the Corporations Regulations 2001 that for the purpose of voting at the Extraordinary General Meeting, Shares in the Company will be taken to be held by those persons recorded as holding shares on the Company's register as at 7:00pm (Sydney time) on Sunday, 23<sup>rd</sup> August 2009. Accordingly, those persons will be entitled to attend and vote at the Extraordinary General Meeting.

If more than one joint holder of shares is present at the Extraordinary General Meeting (whether personally, by proxy or by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

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## PROXIES

Shareholders who are entitled to attend and vote at the Extraordinary General Meeting may appoint a proxy. Like Shareholders, a proxy can, therefore, be either an individual or a body corporate. Should you appoint a body corporate as your proxy, that body corporate will need to ensure that it:

- appoints an individual as its corporate representative to exercise its powers at meetings, in accordance with section 250D of the Corporations Act; and
- provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the Extraordinary General Meeting.

If such evidence is not received before the Extraordinary General Meeting, then the body corporate (through its representative) will not be permitted to act as your proxy.

To be effective, a signed proxy form and the power of attorney or other authority (if any) under which the proxy form is signed or a copy of that power of authority must be lodged by 10:00am (Sydney time) on Sunday 23<sup>rd</sup> August 2009 with the Company at the following address or facsimile number.

**Street Address**  
Link Market Services Limited  
Level 12, 680 George Street  
Sydney NSW 2000  
**Facsimile**  
(02) 9287 0309

**Mail Address**  
Locked Bag A14  
Sydney South NSW 1235

**On-Line**  
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

A form of appointment of corporate representative can be obtained by contacting the Company Secretary, Mohit Prasad on (02) 8248 7005.