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www.nsxa.com.au

www.bsx.com.au

www.bsxtaximarket.com.au

www.waterexchange.com.au

www.neregistry.com.au

Incorporating

NSX Limited

ABN: 33 089 447 058

National Stock Exchange of Australia
Limited

ABN: 11 000 902 063

Bendigo Stock Exchange Limited

ABN: 41 087 708 898

BSX Services Pty Ltd (t/a) BSX Tax
Markets

ABN 57 084 885 683

The Waterexchange Pty Ltd

ABN 19 084 332 132

NSX Limited

ACN 089 447 058

Notice of Annual General Meeting 2009

Tuesday 17th November 2009, 11.00am

Quality Hotel Noah's on the Beach

Newcastle

NOTICE OF ANNUAL GENERAL MEETING 2009 AND EXPLANATORY NOTES

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION

You should read the whole of this document before you decide whether and how to vote on the Resolutions in the Notice of Annual General Meeting.

IMPORTANT NOTICES

The Explanatory Notes in this document are intended to provide Shareholders with information to assess the merits of the proposed Resolutions contained in the accompanying Notice of Annual General Meeting and are to be read in conjunction with the Notice of Annual General Meeting.

Defined terms

Terms used in the Notice of Annual General Meeting and the Explanatory Notes are defined in the Glossary at the end of the Explanatory Notes.

Read this document

The Notice of Annual General Meeting, the Explanatory Notes and the Independent Expert's Report are important. You should read each document in its entirety before deciding how to vote on the Resolutions. If you have any doubt regarding what you should do, you should consult your investment, financial or other professional advisers.

Forward looking statements

Certain statements in the Explanatory Notes may constitute "forward looking statements" for the purposes of applicable securities law. You should be aware that there are a number of risks (known and unknown), uncertainties and assumptions and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from the future results, performance or achievements, express or implied, by such statements. Factors that could cause or contribute to such differences include the general trading and economic conditions affecting the Company or its subsidiaries. The past performance of the Company is not necessarily representative of future performance.

None of the Company, its subsidiaries or their respective directors, officers and advisers, or any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in the Explanatory Notes will actually occur. Shareholders are cautioned not to place undue reliance on these forward looking statements.

All subsequent written and oral forward looking statements attributable to the Company or its subsidiaries or any person acting on their behalf are qualified by the above cautionary statement.

NOTICE OF ANNUAL GENERAL MEETING 2009

NSX Limited ACN 089 447 058 ("**NSX**" or "the **Company**") will hold its 10th Annual General Meeting at **11.00 am** (Sydney time) on **Tuesday 17th November 2009**, at Quality Hotel, Noah's on the Beach, Newcastle, NSW.

ORDINARY BUSINESS

Receipt of financial statements and reports

To receive, consider and discuss the:

- (a) financial report;
- (b) director's report;
- (c) remuneration report; and
- (d) auditor's report,

for the Company and its controlled entities for the year ended 30 June 2009.

Note: Reports are tabled at the meeting. Shareholders are not required to vote on this item. Sufficient time will be allowed at the meeting to discuss the reports and to ask questions of the directors and the auditor.

Resolution 1 – Adoption of remuneration report

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

"That the remuneration report for the financial year ended 30 June 2009 be adopted."

Note: The vote on this item is advisory only and does not bind the Directors or the Company. However the outcome of the vote on the report will be taken under advisement by the Directors when formulating future remuneration policies.

Resolution 2 – Election of Steven Pritchard as a Director

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

"That Steven Pritchard, being a Director of the Company, who retires in accordance with the Company's Constitution, and being eligible, offers himself for re-election, is re-elected as a Director of the Company."

SPECIAL BUSINESS

Resolution 3 – Approval of Share Loan Plan Rules

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

"That, for all purposes including Section 260C(4) of the Corporations Act and exception 9 to ASX Listing Rule 7.2:

- (a) the Share Loan Plan Rules (the "Loan Plan"), a summary of which is set out in the Explanatory Notes accompanying the Notice of Meeting, is approved; and
- (b) the issue of shares under the Loan Plan is approved."

Voting Exclusion: The Company will disregard any votes cast on this resolution by a Director (except one ineligible to participate in any employee incentive plan), and any of their Associates, unless the vote is cast by:

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

Resolution 4 – Approval of Exempt Share Plan Rules

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

"That, for all purposes including exception 9 to ASX Listing Rule 7.2:

- (a) the Exempt Share Plan Rules (the "Exempt Share Plan"), a summary of which is set out in the Explanatory Notes accompanying the Notice of Meeting, is approved; and
- (b) the issue of shares under the Exempt Share Plan is approved."

Voting Exclusion: The Company will disregard any votes cast on this resolution by a Director (except one ineligible to participate in any employee incentive plan), and any of their Associates, unless the vote is cast by:

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

Resolution 5 – Approval of issue of Shares under Loan Plan to Mr Steven Pritchard

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

"Subject to the approval of Resolution 3, that for the purposes of Listing Rule 10.14 and for all other purposes the issue of 1,500,000 Shares to Steven Pritchard, a director of the Company, on the terms set out in the Explanatory Notes is approved."

Voting Exclusion: The Company will disregard any votes cast on this resolution by Steven Pritchard and any Director who is eligible to participate in any employee incentive scheme of the Company, and any Associates of any of those persons, unless the vote is cast by:

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

Resolution 6 – Approval of issue of Shares under Loan Plan to Mr Paul Seymour

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

“Subject to the approval of Resolution 3, that for the purposes of Listing Rule 10.14 and for all other purposes the issue of 1,500,000 Shares to Paul Seymour, a director of the Company, on the terms set out in the Explanatory Notes is approved.”

Voting Exclusion: The Company will disregard any votes cast on this resolution by Paul Seymour and any Director who is eligible to participate in any employee incentive scheme of the Company, and any Associates of any of those persons, unless the vote is cast by:

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

Resolution 7 – Approval of issue of Shares under Loan Plan to Ms Ann Bowering

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

“Subject to the approval of Resolution 3, that for the purposes of Listing Rule 10.14 and for all other purposes the issue of 1,500,000 Shares to Ann Bowering, a director of the Company, on the terms set out in the Explanatory Notes is approved.”

Voting Exclusion: The Company will disregard any votes cast on this resolution by Ann Bowering and any Director who is eligible to participate in any employee incentive scheme of the Company, and any Associates of any of those persons, unless the vote is cast by:

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

NOTES TO NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES

The accompanying Explanatory Notes form part of this Notice of Annual General Meeting and should be read in conjunction with it. Unless the context otherwise requires, terms which are defined in the Explanatory Notes have the same meaning when used in this Notice of Annual General Meeting.

RECORD DATE

<p>The Board has determined that, for the purposes of the meeting, Shares will be taken to be held by the persons who are registered as a Shareholder as at 7.00pm (Sydney time) on Sunday 15 November 2009. Accordingly Share transfers registered after that time will be disregarded in determining entitlement to attend and vote at the meeting.</p>

POLL

On a poll, Shareholders have one vote for every fully paid ordinary share held. On a show of hands, every person present and qualified to vote has one vote and if one proxy has been appointed, that proxy will have one vote on a show of hands. If a Shareholder appoints more than one proxy, neither proxy may vote on a show of hands, but both proxies will be entitled to vote on a poll.

REPRESENTATIVES

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

The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

PROXIES

A proxy form accompanies this Notice of Annual General Meeting.

If you are entitled to attend and cast a vote at the meeting, you may appoint a person as your proxy to attend and vote for you at the meeting and that appointment may specify the proportion or number of votes that the proxy may exercise. If you are entitled to cast 2 or more votes at the meeting, you may appoint up to 2 proxies. If you appoint 2 proxies but do not specify the proportion or number of your votes that each proxy may exercise, each proxy may exercise half of your votes. A proxy does not need to be a Shareholder.

If the proxy form is signed under a power of attorney, you must also lodge the power of attorney with the Company not less than 48 hours before the meeting, unless you have previously sent the power of attorney to the Company.

To appoint a proxy (or proxies) you must complete the attached proxy form and lodge it so that it is received by the Company not less than 48 hours before the meeting (i.e. by 11.00 AM (Sydney time) on Sunday 15 November 2009) at the following address, fax number or vote online:

BY MAIL - Share Registry – Registries Limited, GPO Box 3993, Sydney NSW 2001 Australia

BY FAX - + 61 2 9290 9655

IN PERSON - Share Registry – Registries Limited, Level 7, 207 Kent Street, Sydney NSW 2000 Australia

VOTE ONLINE - www.registries.com.au/vote/nsxagm2009

ATTENDING THE MEETING

If attending the meeting, please bring along your personalised proxy form with you. The bar code at the top of the form will help you to register. If you do not bring your form with you, you will still be able to attend the meeting but representatives from Registries Limited will need to verify your identity. You will be able to register from **10.30am** on the day of the meeting.

By Order of the Board

16 October 2009

Scott Evans
Company Secretary

EXPLANATORY NOTES

These Explanatory Notes have been prepared for the Shareholders to provide information about the items of business to be considered at the Annual General Meeting of the Company to be held at 11.00am on Tuesday 17th November 2009.

Section 1 of these Explanatory Notes provides information relating to the Ordinary Business described in the Notice of Annual General Meeting, including Resolution 1 and Resolution 2.

Section 2 of these Explanatory Notes provides information relating to Resolution 3.

Section 3 of these Explanatory Notes provides information relating to Resolution 4.

Section 4 of these Explanatory Notes provides information relating to Resolutions 5, 6 and 7.

Section 5 sets out the glossary of terms used in these Explanatory Notes.

The information contained in this explanatory notes are important and should be read carefully by all Shareholders.

1. FINANCIAL STATEMENTS AND REPORTS

1.1 Shareholder questions and comments

The financial report, directors' report, remuneration report and auditor's report for the Company for the year ended 30 June 2009 will be laid out before the meeting. There is no requirement for shareholders to approve those reports. However, the Chairman will allow a reasonable opportunity for Shareholders to ask questions or make comments about those reports and the management of the Company. Shareholders will also be given a reasonable opportunity to ask the auditor questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements, and the independence of the auditor in relation to the conduct of the audit.

An electronic version of the Company's 2009 Annual Report is available on the NSX website Shareholders area (http://www.nsx.com.au/shareholder_financials.asp). A hardcopy of the report is available from the Company Secretary on request.

1.2 Resolution 1 – Adoption of the remuneration report

Shareholders are required to vote on the remuneration report.

The remuneration report is contained within the director's report of the Annual Report, including the required presentation of the remuneration tables referred to in the report and set out in note 22 of the financial statements. A summary table of requirements of Section 300A of the Corporations Act is also provided within the remuneration report.

The vote on this proposed resolution is advisory only and will not bind the directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing remuneration practices and policies.

What majority of votes is required for Resolution 1 to be passed?

An ordinary resolution is required for Resolution 1 to be passed.

Who can vote on Resolution 1?

Subject to the Constitution, all Shareholders can vote on Resolution 1.

Directors' recommendation

The Directors unanimously recommend that the Shareholders pass Resolution 1 to adopt the Remuneration Report.

1.3 Resolution 2 - Re-election of Steven Pritchard as a Director

Under rule 12.4 of the Company's Constitution, one third of the Directors must retire from office at each annual general meeting. The Directors who retire will be those who have been longest in office since their last election. As between those who became Directors on the same day, those to retire will, unless they otherwise agree amongst themselves, be determined by lot. This does not apply to the managing director.

There are three directors of the Company, all elected to office on the same day, that is 28 May 2009, at a meeting of Shareholders. As Mr Paul Seymour is the Managing Director of the Company, the directors to whom this rule applies are Mr Steven Pritchard and Ms Ann Bowering. The directors have agreed amongst themselves that Steven Pritchard is to retire from office. Steven Pritchard has offered himself for re-election.

Information about Steven Pritchard

Steven Pritchard:	Chairman
Qualifications:	CPA, Grad Dip Applied Finance, Assoc Securities Institute of Australia
Appointed:	25 May 2009
Experience:	

Steven Pritchard obtained a Bachelor of Commerce degree from the University of Newcastle in 1986, and qualified as a Certified Practising Accountant in 1988. He has been providing investment advice as a representative of a licensed dealer in securities since 1988. He became a director of Rees Pritchard Pty. Limited, Certified Practising Accountants, in 1989. He completed the Graduate Diploma in Applied Finance and Investment and was admitted as an Associate of the Securities Institute of Australia in 1993.

In 1996 he was admitted as a member of the Stock Exchange of Newcastle Limited (NSX), and was instrumental in establishing Pritchard & Partners Pty. Limited to provide investment advice to clients of Rees Pritchard Pty. Limited. He was a director of NSX from 1996 to 2003 and Chairman from 2000 to 2003. During that time he was responsible for developing the strategic plan which saw the renaissance of NSX as a capital market for small, medium and regionally based companies.

In 2002 he was responsible for the establishment of Cameron Capital Limited, which acquired the ASX Participating Organisation Cameron Stockbrokers Limited. In 2003 he was appointed to the board of Winpar Holdings Limited, which was the first company to list on the rejuvenated NSX. In 2004 he was jointly responsible with Daniel Di Stefano for a successful capital raising for and the listing of Illuminator Investment Company Limited on NSX. Illuminator Investment Company Limited became the first Newcastle based company to list on NSX, and the first Newcastle based listed institutional investor.

Steven Pritchard is a director of Florin Mining Investment Company Limited, which undertook a capital raising and listed on NSX in 2005. He is the Chairman of Pritchard Equity Limited, which undertook a capital raising and listed on NSX in 2006. Pritchard Equity Limited is a substantial shareholder in

Cameron Capital Limited. He is a past Branch Councillor and Chairman of CPA Australia, and received the Presidents Award in 2000 for outstanding contributions to CPA Australia.

What majority of votes is required for Resolution 2 to be passed?

An ordinary resolution is required for Resolution 2 to be passed.

Who can vote on Resolution 2?

Subject to the Constitution, all Shareholders can vote on Resolution 2.

Directors' recommendation

The Board of Directors of the Company recommends that Shareholders vote in favour of Steven Pritchard re-election as a Director of the Company.

2. SHARE LOAN PLAN

2.1 Resolution 3 – Approval of Share Loan Plan

Resolution 3 seeks approval for the establishment of a new equity incentive plan for NSX's employees and directors, the Share Loan Plan.

Listing Rule 7.1 prevents a listed company from issuing more than 15% of its issued capital in any rolling 12 month period without the prior approval of shareholders. However, Listing Rule 7.1 does not apply to an issue under an employee incentive scheme if, within 3 years before the date of the issue, shareholders have approved the issue of securities under the scheme as an exception to Listing Rule 7.1.

Resolution 3 seeks to exempt the issue of Shares under the Loan Plan from the operation of Listing Rule 7.1 for a period of 3 years from the date that the Resolution is approved. If the Resolution is approved by Shareholders, Shares issued under the Plan during the next 3 years (including those to be issued under Resolutions 5, 6 and 7, if approved) will not be counted in determining the 15% limit under Listing Rule 7.1. This would assist the Company by providing additional fundraising flexibility.

The following is a summary of the terms of the Loan Plan. The full terms of the Loan Plan are available on the Company's website: www.nsx.com.au

2.2 Summary of the Share Loan Plan

Objectives

The objective of the Loan Plan is to encourage employees to share in the ownership of the Company and to promote the long-term success of the Company as a goal shared by all employees.

Outline of Awards

The Company may, at the discretion of the Board, issue "Limited Recourse Loan Awards" which are Shares where some or all of the issue price is funded by way of a loan from the Company. The issue price will usually be the market price at the time of issue. There will be restrictions on the sale or disposal of the Shares until the loan is repaid or discharged.

Eligibility

Under the Loan Plan, the Directors may invite any employee or director to participate in the Loan Plan.

Dilution Limit

The number of Shares that may be issued under the Loan Plan, when added to Shares issued under any other employee incentive plan in the preceding 5 years, is limited to 5% of issued capital at the time of offer. In accordance with the prospectus exemption in ASIC Class Order 03/184, the 5% calculation does not include Shares that were offered or issued to a person for whom the prospectus exemption was not necessary (such as senior managers and Directors, and offerees located outside Australia at the time of offer).

Financial Assistance: loan to acquire Shares

Under the Corporations Act a company may only financially assist a person to acquire its shares if certain conditions are met. One of the conditions which permits a company to provide financial assistance is if in accordance with section 260C(4) the financial assistance is given under an employee share scheme that has been approved by shareholders in general meeting.

The Loan Plan provides that the Company may offer financial assistance to an employee for some or all of the issue price for Shares by making a loan to the Participant. Loans will generally be provided on an interest free basis. The loan will be a limited recourse loan equal to the full issue price of the Shares, and will generally be repayable within 5 years. The loan will become repayable earlier than the expiry date if (among other things) the Participant ceases to be an employee or director of the Company.

The Loan Plan provides for Shares to be bought back by the Company in full satisfaction of outstanding loans in circumstances where an employee elects to transfer the Shares to the Company, or the loan has become repayable and either the relevant vesting conditions have not been satisfied at the repayment date or the Participant has not repaid the loan by the repayment date. For the purposes of the Corporations Act, any buy-back of Shares under the Loan Plan needs to be approved so that the Company can buy back a Participant's Shares without obtaining specific shareholder approval each time a buy-back is to be completed. Resolution 3 provides this approval if passed.

The Company may apply any moneys (including 50% of the cash amount of any dividends) and any capital distributions that may become payable in respect of a Share in reduction of the amount outstanding under any Loan Plan loan in respect of that Share.

Security over Participants' Shares

Loan Plan loans will be secured over the Shares and all rights attached to the Shares (such as any dividends). Under the Corporations Act, shareholder approval is required before the Company can take security over its own shares, and Resolution 3 provides this approval if passed.

Rights

Shares issued under the Loan Plan will, subject to restrictions on sale or disposal, rank equally with all other issued Shares.

Vesting conditions

Shares will vest and the Participant will become able to repay the loan in respect of those Shares, upon the satisfaction of any vesting conditions. Vesting conditions will be specified in the Offer. Unless vesting conditions are satisfied, a Participant cannot repay the loan to obtain unencumbered ownership and withdraw their Shares from the Loan Plan.

Unless the terms of an Offer provide otherwise, all vesting conditions in relation to particular Shares will be deemed to have been satisfied if there is a change in control in the Company, or other circumstances occur which the Board determines are analogous to a control transaction and justify removal of vesting conditions.

Restrictions

Until a Loan Plan loan has been repaid or discharged, a Participant must not sell, transfer, grant a security interest over, or otherwise dispose of the Shares.

2.3 Intention to issue Shares to certain Directors and executives if Loan Plan approved

If the Loan Plan is approved at the AGM, the Company proposes to issue Shares under the Loan Plan to Directors in accordance with Resolutions 5, 6 and 7. The Company also intends to issue:

- (a) 175,000 Shares to Mr Scott Evans, the General Manager & Company Secretary; and
- (b) 150,000 Shares to Mr Ian Craig, an executive of the Company Company's Manager,

The issue price for the Shares to be issued to Mr Scott Evans and Mr Ian Craig will be nil. However, Mr Evans and Mr Craig will forfeit their respective parcels of shares if they are not still employed by the Company as at 1 July 2010. The Shares will vest on 1 July 2010 if this vesting condition is met.

2.4 What majority of votes is required for Resolution 3 to be passed?

An ordinary resolution is required for Resolution 3 to be passed.

2.5 Who can vote on Resolution 3?

Subject to the voting exclusion statement and the Constitution, all Shareholders can vote on Resolution 3.

2.6 Directors' recommendation

The Directors unanimously recommend that the Shareholders pass Resolution 3 to approve the Loan Plan.

3. EXEMPT SHARE PLAN

3.1 Resolution 4 – Approval of Exempt Share Plan

Resolution 4 seeks approval for the establishment of a new equity incentive plan for NSX's employees and directors, the Exempt Share Plan. The Exempt Share Plan will allow NSX to issue small amounts of Shares to its employees to take advantage of the \$1,000 tax exempt threshold for certain kinds of employee share plans, subject to recently announced changes in tax law that would limit the benefit of these plans to employees with taxable income of less than \$180,000.

Resolution 4 seeks to exempt the issue of Shares under the Exempt Share Plan from the operation of Listing Rule 7.1 (the effect of which is described above) for a period of 3 years from the date that the Resolution is approved. If the Resolution is approved by Shareholders, Shares issued under the Plan during the next 3 years will not be counted in determining the 15% limit under Listing Rule 7.1. This would assist the Company by providing additional fundraising flexibility.

Some key terms of the Exempt Share Plan are set out below and the full terms are available on the Company's website: www.nsx.com.au

3.2 Summary of Exempt Share Plan

The Company has also established the Exempt Share Plan to encourage employees to share in the ownership of the Company and to promote the long-term success of the Company as a goal shared by all employees. The Exempt Share Plan provides for an award of Shares (for no consideration, or an issue price that is a discount to the market price) with the intention that up to \$1,000 of the total value or discount received by each employee will be exempt from tax (subject to the employee's taxable income in the relevant year).

Restrictions apply to Exempt Share Plan Awards. A Participant must not sell, transfer, grant a security interest over, or otherwise dispose of any Exempt Share Plan Shares prior to the earlier of:

- (a) 3 years from the date of issue of the Shares; and
- (b) the time the Participant ceases to be an employee.

As required by tax law, Shares issued under the Exempt Share Plan do not have any vesting conditions and once issued are not subject to forfeiture.

The Directors may invite any employee to participate in the Exempt Share Plan.

If the Exempt Share Plan is approved, the Company intends to offer up to \$1,000 worth of Shares to all employees.

3.3 What majority of votes is required for Resolution 4 to be passed?

An ordinary resolution is required for Resolution 4 to be passed.

3.4 Who can vote on Resolution 4?

Subject to the voting exclusion statement and the Constitution, all Shareholders can vote on Resolution 4.

3.5 Directors' recommendation

The Directors unanimously recommend that the Shareholders pass Resolution 4 to approve the Exempt Share Plan.

4. ISSUE OF SHARES TO DIRECTORS UNDER THE SHARE LOAN PLAN

4.1 Resolutions 5, 6 and 7: approval of issue of shares to Mr Steven Pritchard, Mr Paul Seymour and Ms Ann Bowering under the Share Loan Plan

If the Loan Plan is approved, the Company intends to offer Shares to its Directors.

Currently the Directors are paid a fee of \$12,000 per annum. The Company requires cash to operate its business and the Directors have decided that it is in the best

interests of the Company that they should be remunerated in shares rather than increasing the cash based stipend.

Accordingly, Resolutions 5, 6 and 7 seek Shareholder approval for the issue of 1,500,000 Shares to each of Mr Steven Pritchard, Mr Paul Seymour and Ms Ann Bowering (or their nominees) on the terms set out in these Explanatory Notes.

Listing Rule Requirements

Listing Rule 10.14 requires a listed company to obtain Shareholder approval by ordinary resolution prior to the issue of securities under an employee incentive scheme to a director or an associate of a director. Accordingly, the Company is seeking approval for the issue of Shares to Mr Steven Pritchard, Mr Paul Seymour and Ms Ann Bowering (or their nominees) under Listing Rule 10.14.

For the purposes of Listing Rule 10.15, the following information is provided to Shareholders:

Maximum number of securities to be issued

The Company is seeking approval for the issue of 1,500,000 Shares to each of Mr Steven Pritchard, Mr Paul Seymour and Ms Ann Bowering.

As the directors are seeking the approval of the Company for the Loan Plan at this AGM, there have been no previous participants in the Plan.

Issue Price

The Shares will be issued at market price at the time of the grant. The market price will be based on the weighted average price at which Shares are traded on the ASX during the week prior to and including the day of offer, or if no Shares have traded in that time period the last price at which an offer to buy is made on the ASX.

Loan terms and use of funds

The Company will provide an interest free loan to each of Mr Steven Pritchard, Mr Paul Seymour and Ms Ann Bowering equal to the full value of the Shares to be acquired. Accordingly, no funds will be raised by the issue of the Shares.

The term of the loan is 5 years. The loans may be repaid early provided vesting conditions have been met.

The recourse for repayment of the loans will be limited to the Shares. If the Shares do not vest or are otherwise forfeited, the Shares will be sold or bought back and the proceeds of sale (if any) applied to repayment of the loan with no further demand made on the borrower.

Vesting conditions

One third of each Director's parcel of shares will vest immediately, with the remaining shares to vest in equal tranches on 30 May for the next two years, namely:

- (a) 500,000 Shares vest on date of issue;
- (b) 500,000 Shares vest on 30 May 2010; and
- (c) 500,000 Shares vest on 30 May 2011.

Date of grant of securities

If approved, the Shares will be granted immediately after the Annual General Meeting but in any event no later than one month after the Annual General Meeting.

4.2 What majority of votes is required for Resolutions 5, 6 and 7 to be passed?

An ordinary resolution is required for Resolutions 5, 6 and 7 to be passed.

4.3 Who can vote on Resolutions 5, 6 and 7?

Subject to the voting exclusion statement and the Constitution, all Shareholders can vote on Resolutions 5, 6 and 7.

4.4 Directors' recommendation

As all Directors will participate if Resolutions 5, 6 and 7 are passed, the Directors do not make a recommendation due to their personal interests in these resolutions.

5. GLOSSARY

\$ and cents means an amount in Australian currency.

Annual Report means the Company's Annual financial report, directors' report and auditor's report for the financial year ended 30 June 2009.

ASX means ASX Limited ACN 008 624 691.

Board means the board of directors of the Company.

Business Days means:

- (a) for determining when a notice, consent or other communication is given, a day that is not a Saturday, Sunday or public holiday in the place to which the notice, consent or other communication is sent; and
- (b) for any other purpose, a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Sydney.

Company means NSX Limited ABN 33 089 447 058.

Constitution means the constitution of the Company at the date of these Explanatory Notes.

Corporations Act means *Corporations Act 2001* (Cth).

Directors means the directors of the Company.

Exempt Share Plan means the exempt share plan to be governed by the Exempt Share Plan Rules.

Explanatory Notes means these Explanatory Notes.

Issue Price means the price (if any) to be paid for the issue of a Share as stated in the Offer.

Loan Plan means the loan plan governed by the Share Loan Plan Rules.

Notice of Annual General Meeting means the Notice of Annual General Meeting accompanying these Explanatory Notes.

Offer means an offer of Shares made in accordance with the Loan Plan.

ordinary resolution means a simple majority of those Shareholders present and entitled to vote either in person or by proxy at the meeting, either on a show of hands or on a poll if one is called in accordance with applicable requirements.

Participant means where the context requires:

- (a) an employee to whom Shares are issued under the Loan Plan; or
- (b) an employee to whom Shares are issued under the Exempt Share Plan.

Resolution means a resolution in the Notice of Annual General Meeting which requires Shareholder approval.

Share means a fully paid ordinary share in the Company.

Shareholder means any person holding Shares.