



# Notice of Extraordinary General Meeting

**AdEffective Limited**  
ACN 085 545 973

<b>Date:</b>	Thursday 9 February 2012
<b>Time:</b>	11.00 am (Melbourne time)
<b>Place:</b>	HWL Ebsworth Level 26, 530 Collins Street Melbourne, Victoria 3000

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE** is given that an Extraordinary General Meeting of Shareholders of AdEffective Limited ACN 085 545 973 (the **Company**) will be held at the offices of HWL Ebsworth, at Level 26, 530 Collins Street, Melbourne Victoria 3000 on Thursday 9 February 2012 at 11.00 am

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### BUSINESS

Shareholders are invited to consider the following items of business at the Extraordinary General Meeting:

#### Ordinary business

##### 1. ITEM 1 – SHARE CONSOLIDATION

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

***THAT*** for the purposes of section 254H of the Corporations Act 2001 (Cth) (“**Corporations Act**”), and for all other purposes, approval is given for the Company’s consolidation of every fifty (50) shares or options on issue at **9 February 2012 at 11.00 am** into one ordinary share or option, with fractions of a share or option being rounded to the nearest whole number, exact half shares or options being rounded up and post consolidation holdings of less than one being rounded up. The consolidation will take effect on the date of the Extraordinary General Meeting.

**Note:** In accordance with section 254H(4) of the Corporations Act, a copy of this Resolution, if passed, shall be lodged with the Australian Securities & Investments Commission within one month of the meeting.

##### 2. ITEM 2 - ISSUE OF SHARES AND OPTIONS PURSUANT TO CONVERTIBLE LOANS

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

***THAT***, subject to the passing of Resolution 1, for the purposes of Listing Rule 7.1 and for all other purposes Shareholders approve the allotment and issue of:

- (a) up to 20,000,000 Shares at the lesser of:
  - (i) 1.5 cents per Share; and
  - (ii) the issue price of the Company's upcoming Rights Issue, which will be no less than 80% of the market price of the Shares over the last 5 days on which sales in the Shares are recorded before the date of the Company's Prospectus in respect of the Rights Issue, on conversion of Convertible Loans; and
- (b) 15,000,000 Options exercisable at 1.5 cents each on or before 30 June 2014 in respect of Convertible Loans,

on the terms and conditions in the Explanatory Memorandum.

**Voting Exclusion Statement:**

*The Company will disregard any votes cast on this Resolution by the Convertible Loan lenders or a person (or any associate of such a person) who might obtain a benefit except a benefit solely in their capacity as holders of ordinary securities if the Resolution is passed.*

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

- (a) cast by a person as a proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or*
- (b) cast by the chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.*

**3. ITEM 3 – ISSUE OF SHARES IN LIEU OF PAYMENT OF DEFERRED CONSIDERATION DUE TO THE VENDORS OF THE PLANET W ASSETS**

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

***THAT***, subject to the passing of Resolution 1, for the purposes of Listing Rule 7.1 and for all other purposes Shareholders approve the allotment and issue of up to 9,518,667 Shares at the lesser of:

- (a) 1.5 cents per Share; and*
- (b) the issue price of the Company's upcoming Rights Issue, which will be no less than 80% of the market price of the Shares over the last 5 days on which sales in the Shares are recorded before the date of the Company's Prospectus in respect of the Rights Issue,*

*to Planet W Pty Ltd on the terms and conditions in the Explanatory Memorandum.*

**Voting Exclusion Statement:**

*The Company will disregard any votes cast on this Resolution by Planet W Pty Ltd and its associates or any person who may participate in the proposed issue as well as any person who may obtain a benefit solely in the capacity of a security holder if the Resolution is passed, and any associates of those persons.*

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

- (a) cast by a person as a proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or*
- (b) cast by the chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides .*

#### 4. ITEM 4 – ISSUE OF OPTIONS TO UNDERWRITERS

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

**THAT**, subject to the passing of Resolution 1, for the purposes of 7.1 and for all other purposes Shareholders approve the allotment and issue of up to 33,063,155 options exercisable at 1.5 cents each on or before 30 June 2014 to the underwriter and sub-underwriters of the proposed Rights Issue on the terms and conditions in the Explanatory Memorandum.

**Voting Exclusion Statement:**

*The Company will disregard any votes cast on this Resolution by the underwriter and the sub-underwriters or a person (or any associate of such a person) who might obtain a benefit except a benefit solely in their capacity as holders of ordinary securities if the Resolution is passed.*

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

- (a) cast by a person as a proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or*
- (b) cast by the chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.*

Dated 9 January 2012

**By order of the Board of AdEffective Limited**



**Sophie Karzis**  
**Company Secretary**

## VOTING INFORMATION

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### Voting by proxy

- (a) A shareholder entitled to attend and vote at the Extraordinary General Meeting may appoint one proxy or, if the shareholder is entitled to cast 2 or more votes at the meeting, 2 proxies, to attend and vote instead of the shareholder.
- (b) Where 2 proxies are appointed to attend and vote at the meeting, each proxy may be appointed to represent a specified proportion or number of the shareholder's voting rights at the meeting.
- (c) A proxy need not be a shareholder of the Company.
- (d) A proxy may be an individual or a body corporate. If a body corporate is appointed, the proxy form must indicate the full name of the body corporate and the full name or title of the individual representative of the body corporate for the meeting.
- (e) A proxy form accompanies this notice. If a shareholder wishes to appoint more than 1 proxy, they may make a copy of the proxy form attached to this notice. For the proxy form to be valid it must be received together with the power of attorney or other authority (if any) under which the form is signed, or a (notarially) certified copy of that power of authority by **11.00 am (Melbourne time) on 7 February 2012**:
  - by post at GPO Box 242, Melbourne, Victoria 3001; or
  - by personal delivery at Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, 3067; or
  - by facsimile: Australia – 1800 783 447, overseas - +61 3 9473 2555; or
  - Custodian voting - For Intermediary Online subscribers only (custodians) please visit **[www.intermediaryonline.com](http://www.intermediaryonline.com)** to submit your voting intentions.

### Voting and other entitlements at the extraordinary general meeting

A determination has been made by the Board of the Company under regulation 7.11.37 of the *Corporations Regulations* 2001 that shares in the Company which are on issue at **7.00 pm (Melbourne time) on 7 February 2012** will be taken to be held by the persons who held them at that time for the purposes of the extraordinary general meeting (including determining voting entitlements at the meeting).

## **EXPLANATORY MEMORANDUM TO NOTICE OF EXTRAORDINARY GENERAL MEETING**

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Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Section 5 of the Explanatory Memorandum

### **1. RESOLUTION 1 – SHARE CONSOLIDATION**

#### **General**

The purpose of Resolution 1 is to enable the Company to consolidate its shares into a smaller number.

Section 254H(1) of the Corporations Act provides that the Company may convert all or any of its shares into a larger or smaller number of Shares by a resolution passed at a general meeting of shareholders.

For the reasons set out below, the Company is seeking shareholder approval of the consolidation of issued ordinary shares into a smaller number of shares in the ratio of 50 to 1 (**Consolidation**), by way of an ordinary resolution pursuant to section 254H of the Corporations Act. Listing Rule 7.20 provides that if an entity proposes to reorganise its capital, it must advise shareholders of certain matters, which are set out below.

#### **Reasons for Resolution 1**

In comparison to other companies listed on the ASX, ABN currently has a large number of shares on issue when considered in relation to the Company's market capitalisation. The consequence of this is that the market price per ABN share traded on the ASX at the time of this Notice of Meeting is relatively low.

In the interests of its shareholders, the Board believes that the Consolidation will establish a share price and market capitalisation that is more appropriate for a listed entity of the Company's size and stage of development.

The Board further believes that this will make the Company more attractive to potential investors, thereby potentially improving the liquidity of the Company's shares (the Company's shares last traded on ASX on 8 November 2011). Further, companies typically raise new equity capital at a discount to their prevailing share price. With the shares trading at the lowest permitted price on the ASX, the Company has been unable to offer shares at a discount. The Directors consider this has hindered the Company's ability to raise new capital via the issue of shares.

#### **Effect of Resolution 1 on Shareholders**

As at the date of this Explanatory Statement, the Company has 4,959,473,336 shares on issue.

The Consolidation proposed by Resolution 1 will have the effect of reducing the number of shares on issue to approximately 99,189,467 shares. Individual holdings will be reduced in accordance with the Consolidation ratio.

As the Consolidation applies equally to all members (subject only to the rounding of fractions), it will have no material effect on the percentage interest of each member in the Company. Further, the aggregate value of each member's proportional interest in the Company will not materially change solely as a result of the Consolidation as the only anticipated changes, which will be a result of rounding, will be immaterial.

Theoretically, the market price of each share following the Consolidation should increase by 50 times of its current value. Practically, the actual effect on the market price of each share will be dependent upon on a number of factors which will not be within the control of the Company. Therefore, this may result in the market price of each share following Consolidation being higher or lower than the theoretical post-Consolidation price.

### Effect of Resolution 1 on Option holders

The Company currently has a number of options on issue. In accordance with the ASX Listing Rules and the terms of issue of the options currently on issue, the Consolidation will involve a corresponding adjustment to options, having the effect that the number of options will reduce in proportion to the ordinary share capital and the exercise price will increase in inverse proportion to the Consolidation ratio. For the avoidance of doubt, this means that every 50 options exercisable at \$0.01 each will instead become a single option exercisable at \$0.50.

### Fractional Entitlements

Where a shareholder's shareholding or option holder's option holding is not a multiple of fifty, this will result in the fraction of a share or option following the Consolidation. It is proposed that each fraction of a share or option will be rounded to the nearest whole number after Consolidation, with exact half shares or options being rounded up and post-Consolidation holdings of less than one being rounded up.

### Timetable for Consolidation

The Consolidation, if approved by shareholders, will take effect in accordance with the following timetable (as set out in the Listing Rules):

EVENT	DATE
Approval of Consolidation at the Company's general meeting	Thursday 9 February 2012
Last day of trading securities on a pre-Consolidation basis	Friday 10 February 2012
Commencement of trading of post-Consolidation securities on a deferred settlement basis	Monday 13 February 2012
Last day for the Company to register transfers on a pre-Consolidation basis	Wednesday 15 February 2012
First day for the Company to register securities on a post-Consolidation basis	Thursday 16 February 2012
Despatch date for notice to shareholders and new holding statements	Wednesday 22 February 2012
Deferred settlement ends	Wednesday 22 February 2012
Normal (T+3) trading commences	Thursday 23 February 2012
Settlement of trades conducted on a deferred settlement basis and first settlement of trades conducted on a normal T+3 basis	Tuesday 28 February 2012

The above dates are indicative only and are subject to change without notice.

In accordance with section 254H(4) of the Corporations Act 2001, a copy of this resolution, if passed, shall be lodged with the Australian Securities and Investments Commission within 1 month of the Meeting.

## Holding Statements

From the date of Consolidation, all holding statements for shares and options will cease to have any effect, except as evidence of entitlement to a certain number of shares on a post-Consolidation basis. As soon as practicable after the Consolidation takes effect but no later than 5 business days, the Company will arrange for new holding statements to be despatched to shareholders and optionholders.

## Taxation implications

It is not considered that any taxation implications for shareholders will arise out of the Consolidation. However, shareholders are advised to seek independent tax advice in relation to the effect of the Consolidation. Neither the Company nor the Board accept any responsibility for any individual taxation implications arising out of the Consolidation.

## Board recommendation

The Board believes that the Consolidation is fair and reasonable to the Company's shareholders as a whole, and unanimously recommends that shareholders vote in favour of Resolution 1.

## 2. RESOLUTION 2 - ISSUE OF SHARES AND OPTIONS PURSUANT TO CONVERTIBLE LOANS

### General

The Company has entered into Convertible Loans with various clients of Patersons Securities Limited (**Patersons**) (each of whom are "professional" or "sophisticated" investors pursuant to section 708 of the Corporations Act or otherwise investors for whom a disclosure document is not required under Chapter 6D of the Corporations Act) for an aggregate value of \$300,000 for the purposes of supplying immediate working capital for the Company.

The Convertible Loans will carry an interest rate of 12% per annum from the date loan funds are advanced to the Company. The Convertible Loans are, subject to Shareholder approval, convertible into:

- 20,000,000 Shares at the lesser of 1.5 cents per Share and the issue price of the Company's upcoming Rights Issue, which will not be less than 80% of the market price of the Shares over the last 5 days on which sales in the Shares are recorded before the date of the Company's Prospectus in respect of the Rights Issue (refer to section 4 for further information) (**Conversion Shares**); together with
- 15,000,000 Options exercisable at 1.5 cents each (on a post-Consolidation basis) on or before 30 June 2014 (**Conversion Options**),

assuming each Lender elects to convert 100% of their Convertible Loan (Conversion Shares and Conversion Options are collectively referred to as **Conversion Securities**). Further terms of the Conversion Options are set out in Schedule 1 to this Explanatory Memorandum.

As a term of the Convertible Loans, the Lenders will be entitled to the Conversion Options regardless of whether they elect to convert any or all of their loan amount.

Resolution 2 seeks Shareholder approval for the issue of the Conversion Securities the subject of the Convertible Loans. The issue of the Conversion Securities will occur following the Consolidation.

The Directors note that if Shareholder approval of Resolutions 1 and 2 is not obtained, the Convertible Loans will become due and payable in full, together with the balance of accrued interest payable and a redemption fee equivalent to 20% of the Convertible Loans amount will become due and payable. In these circumstances the Directors do not expect to have sufficient available funds to meet all obligations to the Company's creditors. There is therefore a likelihood that the Company will be required to enter into voluntary administration. In this situation the Directors can give no assurance that there would be any recoverable value for Shareholders.



Any Shareholder that is also a Convertible Loan Holder will be precluded from voting in respect to Resolution 2.

### **Application of Listing Rule 7.1**

Listing Rule 7.1 provides, subject to certain exceptions, that Shareholder approval is required for any issue of securities by a listed company, where the securities proposed to be issued represent more than 15% of the Company's securities then on issue.

### **Specific information required by Listing Rule 7.3**

For the purposes of Listing Rule 7.3 information regarding the Conversion Securities is provided as follows:

- the maximum number of securities the Company will issue on conversion of the Convertible Loans is 20,000,000 Shares and 15,000,000 Options (on a post-Consolidation basis);
- the Company will issue the Conversion Securities no later than three (3) months after the date of the Meeting;
- the Conversion Securities will be issued on conversion of the Convertible Loans;
- the Shares will be issued to the Lenders on conversion of the Convertible Loans who are:
  - professional and sophisticated investors (or otherwise investors that do not require a disclosure document);
  - clients of Patersons; and
  - not related parties of the Company;
- the Shares to be issued will be fully paid ordinary shares in the capital of the Company with a notional value of the lesser of \$0.015 (1.5 cents) per share and the issue price of the Rights Issue, that will not be less than 80% of the market price of the Shares over the last 5 days on which sales in the Shares are recorded before the date of the Prospectus in respect of the Rights Issue;
- the Options will have an exercise price of 1.5 cents each exercisable on or before 30 June 2014 and are subject to the further terms and conditions as contained in Schedule 1;
- the Company will not raise funds from the issue of the Conversion Securities as they are being issued as consideration for the Convertible Loans;
- the Conversion Securities will be allotted progressively; and
- a voting exclusion statement is included in the Notice.

### **Directors' Recommendation**

After considering all relevant factors, the Directors unanimously recommend the Shareholders vote in favour of Resolution 2.

## **3. RESOLUTION 3 - ISSUE OF SHARES IN LIEU OF CASH PAYMENT TO VENDORS OF PLANET W**

### **General**

On 30 April 2010, the Company entered into an agreement with Planet W Pty Ltd, ACN 127 051 521, (**Planet W**) for the acquisition of the online internet search and advertising business and assets of Planet W for the sum of \$1,200,000 which was paid through the issue by the Company of 1,200,000,000 fully paid ordinary shares (**Planet W Agreement**). The acquisition also included an incentive component for Planet W if the business achieved audited earnings before interest, tax, depreciation and amortisation (**EBITDA**) of between \$300,000 and \$600,000 in the 2010 financial year (**Earn Out**). Based on the Company's audited accounts for the financial year ending 30 June 2010, it has been determined that the Earn Out payable under the Planet W Agreement is \$121,000 (together with interest at 12% for 18 months amounting to a further \$21,780); therefore a total amount of \$142,780 is due (**Earn Out Amount**).

It is proposed, and Planet W has agreed (subject to shareholder approval under Resolution 3), that the Earn Out Amount be paid to Planet W by way of the issue of shares in the Company at the lesser of 1.5 cents per Share and the issue price of the Rights Issue, which will not be less than 80% of the market price of the shares over the last 5 days on which sales in the Shares were recorded before the date of the Company's Prospectus in respect of the Rights Issue (refer to section 4), amounting to up to 9,518,667 Shares.

### **Application of Listing Rule 7.1**

Listing Rule 7.1 provides, subject to certain exceptions, that Shareholder approval is required for any issue of securities by a listed company, where the securities proposed to be issued represent more than 15% of the Company's securities then on issue.

### **Specific information required by Listing Rule 7.3**

For the purposes of Listing Rule 7.3 information regarding the Conversion Securities is provided as follows:

- the maximum number of Shares to be issued by the Company to Planet W and its nominees is 9,518,667 shares;
- the Shares will be issued at a deemed issue price of the lesser of \$0.015 and the issue price of the Rights Issue, that will not be less than 80% of the market price of the Shares over the last 5 days on which sales in the Shares are recorded before the date of the Prospectus in respect of the Rights Issue;
- the Shares are to be issued and allotted to Planet W and its nominees;
- the Shares will be issued no later than 3 months after the date of the Extraordinary General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- the Shares issued will be fully paid ordinary shares in the capital of the Company, ranking *pari passu* in all respects with all other fully paid ordinary shares in the Company;
- no funds are being raised from the issue of the Shares as they are being issued and allotted in lieu of the Company making a cash payment of the Earn Out Amount; and
- a voting exclusion statement is included in the Notice.

### **Directors' Recommendation**

After considering all relevant factors, the Directors (with the exception of Mr Damian London) unanimously recommend the Shareholders vote in favour of Resolution 3. Mr Damian London, a Director, has excluded himself from this recommendation as he has a relevant interest in Resolution 3.

## **4. RESOLUTION 4 – ISSUE OF OPTIONS TO UNDERWRITERS**

### **General**

On 22 December 2011, the Company announced terms of a Rights Issue to raise approximately \$1.5 million before costs on a post-Consolidation basis. Patersons is to be appointed underwriter and lead manager of the Rights Issue. Pursuant to Patersons' Mandate Letter, executed by the Company on 12 December 2012, the terms of underwriting of the Rights Issue (which is subject to a number of conditions including the obtaining of sub-underwriting commitments to Patersons' satisfaction and the negotiation and execution of a formal underwriting agreement), provides for Patersons and each sub-underwriter being issued with additional free-attaching options in the Company on the basis of one option for every 3 shares underwritten (**Underwriter Options**) in addition to underwriting fees.

Resolution 4 seeks Shareholder approval to the issue of the Underwriter Options. Should Shareholders not approve Resolution 4, the Company will be obligated to pay Patersons and the sub-underwriters an amount equivalent to either an agreed Black Scholes valuation or the five (5) day VWAP for the options to be issued under the Rights Issue after they first trade.

The Prospectus to be issued by the Company for the Rights Issue will also relate to the issue of the Underwriter Options, subject to Shareholder approval of Resolution 4.

### **Application of Listing Rule 7.1**

Listing Rule 7.1 provides, subject to certain exceptions, that Shareholder approval is required for any issue of securities by a listed company, where the securities proposed to be issued represent more than 15% of the Company's securities then on issue.

### **Specific information required by Listing Rule 7.3**

For the purposes of Listing Rule 7.3 information regarding the Underwriter Options is provided as follows:

- the maximum number of Underwriter Options the Company will issue is 33,063,155 (post Consolidation);
- the Company will issue the Underwriter Options no later than three (3) months after the date of the Meeting;
- the Underwriter Options will be issued to Patersons and/or any sub-underwriters who will:
  - be clients of Patersons; and
  - not be related parties of the Company;
- the Underwriter Options will have an exercise price of 1.5 cents each exercisable on or before 30 June 2014 and are subject to the further terms and conditions as contained in Schedule 1;
- the Company will not raise funds from the issue of the Underwriter Options as they are being issued as part consideration for the underwriting of the Rights Issue;
- the Underwriter Options will be allotted progressively; and
- a voting exclusion statement is included in the Notice.

### **Directors' Recommendation**

After considering all relevant factors, the Directors unanimously recommend the Shareholders vote in favour of Resolution 4.

## **5. DEFINITIONS**

In this Explanatory Memorandum and the Notice of General Meeting and Proxy Form:

**ASIC** means Australian Securities and Investments Commission.

**ASX** means ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

**Company** means AdEffective Limited ACN 085 545 973.

**Consolidation** has the meaning in Section 1.

**Constitution** means the constitution of the Company.

**Conversion Options** has the meaning given in Section 2.

**Conversion Securities** means the Conversion Shares and Conversion Options to be issued in accordance with Resolution 2.

**Conversion Shares** has the meaning given in Section 2.

**Convertible Loans** means the loans from the Lenders of an aggregate amount \$300,000 convertible into the Conversion Securities.

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

**Directors** mean a director of the Company.

**Lender** means a person who has entered, as lender, into a Convertible Loan with the Company each of whom is a non-related party of the Company, a professional or sophisticated investor (as defined in the Corporations Act) or otherwise an investor for whom a disclosure document is not required under Chapter 6D of the Corporations Act and a client of Patersons Securities Limited.

**Listing Rules** means the official listing rules of ASX.

**Notice** means the Notice of Extraordinary General Meeting which this Explanatory Memorandum accompanies.

**Option** means an option to acquire a Share.

**Patersons** means Patersons Securities Limited.

**Prospectus** means a disclosure document that complies with Chapter 6D of the Corporations Act in respect of the Rights Issue and the Underwriter Options

**Proxy Form** means the proxy form attached to the Notice.

**Rights Issue** means the one for one (1:1) renounceable rights issue to be undertaken by the Company on the terms specified in its ASX announcement dated 22 December 2011.

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

**Shareholder** means a holder of a Share.

**Underwriter Options** has the meaning given in Section 4.

**VWAP** means the daily volume weighted average sale price of the Shares traded on the ASX for a specified period when the Shares have been quoted and where trading is not halted or suspended (excluding special crossings, crossings include the open session state (each as defined in the ASX Market Rules) and any overseas trades or trades pursuant to the exercise of options over Shares).

In this Explanatory Memorandum and the Notice of words importing the singular include the plural and vice versa.

## **Schedule 1 – Option Terms and Conditions (Conversion Options, Underwriting Options and Rights Issue Options)**

### **1. Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

### **2. Exercise Price and Expiry Date**

The Options have an exercise price of \$0.015 (**Exercise Price**) and an expiry date of 30 June 2014 (**Expiry Date**).

### **3. Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date.

### **4. Notice of Exercise**

The Options may be exercised by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised. Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

### **5. Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then shares of the Company.

### **6. Quotation of Shares on exercise**

Application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

### **7. Timing of issue of Shares**

After an Option is validly exercised, the Company must, within, 15 Business Days of the notice of exercise and receipt of cleared funds equal to the sum payable on the exercise of the Option:

- (a) issue and allot the Share; and
- (b) do all such acts, matters and things to obtain the grant of official quotation of the Share on ASX no later than 5 Business Days after issuing the Shares.

### **8. Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give the holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

### **9. Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

## 10. Adjustment for rights issue

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = \frac{O - E[P-(S+D)]}{N+1}$$

O = the old Exercise Price of the Option.

E = the number of underlying Shares into which one Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one Share.

## 11. Adjustments for reorganisation

If there is any reconstruction of the issued share capital of the Company, the rights of the Optionholders may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

## 12. Quotation of Options

The Options will be unlisted Options. The Company may, subject to compliance with the Listing Rules, make an application for quotation of the Options. Should the ASX accept the application for quotation of the Options then the Options will be listed Options from the time that the ASX accepts such application.

## 13. Options transferable

(a) Until the ASX accepts an application for quotation of the Options then the Options are transferable provided that the transfer of Options complies with section 707(3) of the Corporations Act.

(b) Following the ASX accepting an application for quotation of the Options then the Options are freely transferable.

## 14. Lodgement Instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for shares on exercise of the Options with the appropriate remittance should be lodged at the Company's Registry.

## Lodge your vote:



### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

### For all enquiries call:

(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

000001 000 ABN  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Proxy Form

**For your vote to be effective it must be received by 11:00am (Melbourne time) Tuesday 7 February 2012**

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, 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 sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the information tab, "Downloadable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**Turn over to complete the form** →



View your securityholder information, 24 hours a day, 7 days a week:

**[www.investorcentre.com](http://www.investorcentre.com)**

- Review your securityholding
- Update your securityholding

**Your secure access information is:**

**SRN/HIN: I999999999**



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

## Proxy Form

Please mark  to indicate your directions

### STEP 1

#### Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of AdEffective Limited hereby appoint

the Chairman  
of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Extraordinary General Meeting of AdEffective Limited to be held at the offices of HWL Ebsworth, at Level 26, 530 Collins Street, Melbourne on Thursday, 9 February 2012, at 11:00am (Melbourne time) and at any adjournment of that meeting.

### STEP 2

#### Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

#### ORDINARY BUSINESS

	For	Against	Abstain
Item 1 Share Consolidation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2 Issue of Shares and Options pursuant to Convertible Loans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Issue of Shares in lieu of payment of deferred consideration due to the vendors of the Planet W assets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4 Issue of Options to Underwriters	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

### SIGN

#### Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact  
Name

\_\_\_\_\_

Contact  
Daytime  
Telephone

\_\_\_\_\_

Date

/ /

ABN

1 4 2 1 9 8 A

Computershare