



## MEMO

To: Board of Directors  
From: Company Secretary  
Subject: **ESCROWED SHARES RELEASE**

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For your information, there are 32,250,017 ordinary fully-paid shares in the Company held by 11 shareholders which are restricted and held in voluntary escrow. These shares were owned by the original vendors of the Company at the time of ASX listing, hence the escrow period.

Under the Escrow Agreement the shares are escrowed “until 14 days after ASX lodgement of the Company’s annual and financial reports for the year ending 30 June 2009” (*sic*). Whilst the reference to ‘annual and financial reports’ may be a little unclear in the Agreement, in the prospectus this is stated as ‘until the Company has reported its full-year audited results for the financial year ending 30 June 2009’.

So, in summary, the Company plans to release its preliminary 30 June 2009 figures to ASX on Wednesday 24 August, and the shares will be free from escrow on Wednesday 7 September.

### Notification of Release

The ASX Listing Rules require that a listed company notify ‘the market’ by announcement at least 10 business days in advance that escrowed shares are about to be released – so that the market knows what additional freely traded shares will be available.

L/R 3.10A is paraphrased to state:

A company must tell the ASX that restricted shares/securities or shares subject to voluntary escrow will be released. It must do so not less than 10 business days before the end of the escrow period.

Notes:

- In the case of shares which are subject to voluntary escrow, the company must make arrangements with the allottees of the shares that will enable it to comply with this L/R.
- Shares issued under an employee incentive scheme that have restrictions on their transfer under the terms of the scheme are not regarded as being subject to voluntary escrow.



In addition:

- Under L/R 3.10.5 where an issue of shares/securities that has been made.....if any of the shares/securities issued are restricted securities or are subject to voluntary escrow, the company must tell ASX the number and class of the securities and the date from which they cease to be restricted securities or subject to voluntary escrow.
- Under 4.10.14 a company's Annual Report must include the number and class of restricted shares/securities or securities subject to voluntary escrow that are on issue, and the date that the escrow period ends.

### **Unlisted Disclosing Entity**

It would be considered best practice if unlisted Disclosing Entities, at least, similarly lodged a Form 1003 "Disclosure Notice for Unlisted Disclosing Entity" with ASIC to inform 'the market' of impending release of escrowed or otherwise restricted shares – even if there is no statutory obligation for this to be done.

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#### **DISCLAIMER**

*The comments in this memo reflect some commercial aspects and observations on the matter experienced or observed by the writer in practice as he understands them. The information is given as a guide only and does not represent a definitive or legal view of any of the issues raised, covered or referred to and the reader is urged to seek his own professional advice on all aspects of, or pertaining to, this and any related matter.*