

COMDEK LIMITED

ACN 059 950 337

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY STATEMENT

AND

PROXY FORM

For meeting to be held on 28th January 2005

2.00pm (Western Standard Time)

At the Offices of Security Transfer Registrars Pty Ltd
770 Canning Highway Applecross
Western Australia

This is an important document. Please read it carefully. If there is any matter that you do not understand, you should contact your financial adviser, stockbroker or solicitor.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY given for an Annual General Meeting (**Meeting**) of Comdek Limited (**Comdek** or **Company**) to be held at the offices of Security Transfers Registrars Pty Ltd at 770 Canning Highway, Applecross, Western Australia on 28 January 2005 at 2:00pm.

*The Proxy Form accompanying this Notice of Annual General Meeting (**Notice of Meeting**) is hereby incorporated in, and comprises part of, this Notice of Meeting.*

BUSINESS

Annual Report

To receive and consider the Company's 2004 Annual Report (including financial, director's and auditor's report for the year ended 30 June 2004).

That shareholders consider and, if thought fit, pass the following resolutions (with or without modification) as ordinary resolutions.

1. Re-election of Mr David Falconer as a Director

"That Mr David Falconer, who retires by rotation in accordance with Clause 11.1.3 of the Constitution of the Company and being eligible, be re-appointed as a director of the Company."

2. Appointment of Auditor

"That, for the purposes of section 327B(1)(b) of the Corporations Act and for all other purposes that John Cooke of Somes and Cooke, having provided a consent to act be appointed auditor of the Company."

3. Acquisition of eSat Communications Pty Ltd - Issue of Shares

"That, subject to the approval of resolutions 4, 5, 6 and 7 for the purposes of Rule 7.1 of the ASX Listing Rules and for all other purposes, the Directors be authorised to issue up to 5,320,000 Shares at an issue price of \$0.1664 per Share to eSat Communications Pty Ltd pursuant to the eSat Sale of Business Agreement and otherwise on the terms set out in the Explanatory Memorandum accompanying this Notice of Meeting."

4. Acquisition of eSat Communications Pty Ltd - Issue of Convertible Notes

"That, subject to the approval of resolution 3, 5, 6 and 7 and for the purposes of Rule 7.1 of the ASX Listing Rules and for all other purposes, the Directors be authorised to issue up to 6,703,810 Convertible Notes to eSat Communications Pty Ltd pursuant to the eSat Sale of Business Agreement and otherwise on the terms set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting."

5. Placement of 5,000,000 shares at 12 cents

“That, subject to the approval of resolutions 3, 4, 6 and 7 for the purposes of Rule 7.1 of the ASX Listing Rules and for all other purposes, the Directors be authorised to issue up to 5,000,000 Shares at an issue price of \$0.12 per Share to eSat Communications Pty Ltd to raise \$600,000 on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of General Meeting.

6. Appointment of Director – Harry Kelly

“That, subject to the approval of resolutions 3 to 5 and 7 Harry Kelly having consented to be named as a Director, be appointed as a Director of the Company effective from completion of the eSat Sale of Business Agreement.”

7. Appointment of Director – Norman Hilton

“That, subject to the approval of resolutions 3 to 6, Norman Hilton, having consented to be named as a Director, be appointed as a Director of the Company, effective from completion of the eSat Sale of Business Agreement.”

DATED this 24 December 2004

By Order of the Board



**Haydn Collins
Managing Director**

VOTING RESTRICTIONS

Resolution 3 The company will disregard any votes cast on this resolution by a person who may participate in the proposed issue and person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the resolution is passed. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides

Resolution 4 The company will disregard any votes cast on this resolution by a person who may participate in the proposed issue and person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the resolution is passed. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides

Resolution 5 The company will disregard any votes cast on this resolution by a person who may participate in the proposed issue and person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the resolution is passed. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides

PROXY FORM

Shareholder's Name & Address

Form for Shareholder's Name & Address with fields for name, address, city/town, state, and post code.

Appointment of Proxy

I/We appoint as proxy to vote in accordance with the following directions (or if no directions have been given, as the proxy or Chairperson see fit) at the Meeting to be held at the offices of Security Transfer Registrars Pty Ltd at 770 Canning Highway, Applecross, Western Australia on 28 January 2005 at 2:00pm (and at any adjournment thereof).

Form for Appointment of Proxy with fields for name of person and the Chairperson of the Meeting.

IF YOU DO NOT WISH TO DIRECT YOUR PROXY HOW TO VOTE, PLEASE PLACE A MARK IN THIS BOX * By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.

* The Chairman intends to vote undirected proxies in favour of all resolutions.

Table with 3 columns: For, Against, Abstain**. Rows list 7 items for proxy voting: 1 Re-election of Mr David Falconer as a Director, 2 Appointment of Auditor, 3 Issue of Shares in respect of eSat Communications Pty Ltd, 4 Issue of Convertible Notes in respect of eSat Communications Pty Ltd, 5 Placement of 5,000,000 shares at 12 cents, 6 Appointment of Director - Harry Kelly, 7 Appointment of Director - Norman Hilton.

**If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item.

Appointing a Second Proxy (if applicable)

Contact Telephone Number

Form for Appointing a Second Proxy and Contact Telephone Number with fields for shares, percentage, area code, and telephone number.

Signature(s)

Form for Signatures with fields for Shareholder 1 (Director), Shareholder 2 (Director/Secretary), and Shareholder 3 (Sole Director and Secretary).

Form for Company Seal (if required).

Proxies may be lodged either by facsimile on (08) 9214 5201, by mail to PO Box 445, West Perth, 6872 Western Australia or delivery to the registered office of the Company at the offices of Comdek Limited, Level 1, 673 Murray Street, West Perth, Western Australia. To be valid, a proxy form must be received by at the registered office of the Company not less than 48 hours before the time appointed for the Meeting. For assistance in completing this form, please refer to the rear of this form.

INSTRUCTIONS FOR COMPLETION OF THE PROXY FORM

Shareholder's Name & Address

This is the name and address of the shareholder as it appears on the Company's share register. In accordance with Regulation 7.11.37 of the Corporations Act, shares will be taken to be held by those persons who are the registered holders thereof 48 hours before the time appointed for the commencement of the Meeting.

Appointment of Proxy

For the purposes of Section 249L of the Corporations Act members are advised that a shareholder entitled to attend and vote at the Meeting is entitled to appoint not more than two other persons (whether shareholders or not) as proxy or proxies to attend in the shareholder's place at the Meeting. The proxy has the same right as the shareholder to speak and vote at the Meeting. If you leave this section blank, the Chairperson of the Meeting will be your proxy to vote your shares even if you attend the Meeting (unless you revoke your proxy before the Meeting).

Vote on Resolutions

You may direct your proxy how to vote by placing a mark in one of the boxes opposite the resolution/s you wish to direct your proxy to vote on. If you do so, all your shares will be voted in accordance with your direction. You can split your vote on any resolution/s by inserting the number/s of shares you wish to vote in the appropriate box/es. Please ensure you clearly mark the box in black or blue ink by placing a mark or the number of shares you are voting.

Appointing a Second Proxy

If a shareholder appoints two proxies and the appointment does not specify the proportion or number of the shareholder's votes, each proxy may exercise half of the votes.

Contact Telephone Number

This will help us if there are any problems with your proxy form.

Signature(s)

Each shareholder must sign this form. If your shares are held in joint names, all shareholders must sign in the boxes. If you are signing as an Attorney, then the Power of Attorney must have been noted by the Company or be duly stamped and accompany this form. Only duly authorised officer/s can sign on behalf of a company. Please sign in the boxes provided which state the office held by the signatory.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared to assist shareholders of Comdek Limited with the consideration of the resolutions set out in the Notice of Annual General Meeting. This Explanatory Memorandum is an important document and should be read carefully.

If you have any questions regarding the matters set out in the Explanatory Memorandum or the preceding Notice, please contact the Company, your financial adviser or solicitor.

PART 1 – OVERVIEW OF ESAT TRANSACTION

1.1 Background

In September 2004, Comdek negotiated, at arms length, and completed a memorandum of understanding with eSat Communications Pty Ltd (“eSat”) to acquire its broadband access service business.

A Sale of Business Agreement setting out this transaction was executed on 24 December 2004.

1.2 Overview of Business of eSat

The business of eSat is to supply broadband access services into regional Australia, specialising in the delivery of these services through satellite technology. The business is synergistic to the core business of Comdek.

eSat is a company that was set up to supply telecommunications solutions as a result of the founders of the company inability to source suitable telecommunications solutions for their business requirements in regional Australia. The difficulty in obtaining suitable solutions illustrated a market niche which eSat was created to fill. The vendors of the eSat business determined that the opportunity to provide telecommunications solutions would be enhanced through partnering with a company like Comdek which had extensive experience in running telecommunications networks.

The business generates revenue through the sale of hardware capable of delivery of broadband data (primarily through satellite technology) to customers and then the collection of monthly subscriptions through the supply of bandwidth. The satellite technology which the eSat business resells is provided by Optus, a major telecommunications supplier in Australia. The business had established approximately 70 regional customers prior to it obtaining HiBIS accreditation.

The opportunity for growth in the business comes through its HiBIS accreditation. HiBIS (Higher Bandwidth Incentive Scheme) is a \$108 million initiative to facilitate broadband internet connectivity promoted by the Commonwealth of Australia through the Department of Communications, Information Technology and the Arts (DCITA). The initiative seeks to promote and deliver cost effective broadband services with incentive payments to accredited providers for the supply of higher cost effective bandwidth services predominately into regional, rural and remote areas at prices comparable to those available in metropolitan areas. Through the acquisition of the business of eSat, Comdek is set to become an accredited provider.

As an accredited provider under the HiBIS programme Comdek will compliment its existing operations by entering into a new market by providing subsidised broadband internet services to eligible residences and organisations.

The HiBIS programme will result in the Federal Government providing funding to Comdek to cover or subsidise the hardware and software required to deliver broadband to regional areas. This means the customer can access the broadband without paying the prohibitive ‘up front’ capital costs of the equipment to receive those services.

The eSat business has been trading for some time but only achieved HiBIS accreditation in the last few months. The eSat business began successfully marketing the HiBIS registered products in the last 10 weeks. Since this time the

business has signed up more than 260 new customers as at the date of this Notice. This represents significant new business for Comdek.

The acquisition of the eSat business presents additional opportunities for Comdek to supply voice (VoIP) calls, streaming video, tele-health, remote monitoring to this expanding customer base.

As part of the business to be transferred, eSat has established a \$250,000 marketing fund which has been partially used to commence the marketing of the HiBIS products. As at the date of this Notice the balance of the fund is greater than \$100,000. Upon the completion of the Sale of Business Agreement the remainder of the marketing fund will be transferred to Comdek to assist the continued marketing of the business.

The Sale of Business Agreement also contracts eSat or its nominees to a placement of 5,000,000 shares to be issued at 12 cents to raise \$600,000 working capital (Placement).

1.3 Summary of Sale of Business Agreement

Set out below is a summary of some of the key terms of the Sale of Business Agreement.

a) Consideration

Pursuant to the Sale of Business Agreement and subject to shareholder and regulatory approval, the consideration to be paid to eSat is:

- i. The issue of 5,320,000 shares at a deemed price of \$0.1664 (16.64 cents);
- ii. The issue of 6,703,810 convertible notes at a deemed price of \$0.1664 (16.64 cents).

The conversion and redemption of these Convertible Notes are subject to minimum customer acquisition targets that have been set to equate the consideration paid with the performance of the business. The terms of these Convertible Notes are more fully set out in section 2.4 of this Explanatory Memorandum.

b) Conditions Precedent

The Sale of Business Agreement is subject to a number of conditions precedent that are considered usual for agreements of this nature being satisfied. The conditions that require satisfaction as at the date of the Notice of Meeting include, amongst others:

- i. the approval by the existing Shareholders of Comdek at the Annual General Meeting in accordance with the Comdek's constitution and for the purposes of Rule 7.1 of the Listing Rules and for all other purposes of each of the following:
 - a. the Placement; and
 - b. the issue of the Shares and Convertible Notes detailed above to eSat,
- ii. the appointment as directors of Comdek by the existing shareholders of Comdek at the Annual General Meeting the nominees of eSat as specified in resolutions 7 and 8 with effect from but subject to Completion;

c) Placement

The Sale of Business Agreement also requires eSat or its nominees to subscribe for the Placement of 5,000,000 Shares at an issue price of \$0.12 (12 cents) with payment at completion of the Sale of Business Agreement.

d) Completion

The Sale of Business Agreement provides that upon completion, the following, among other things, will occur:

- i. completion of the transfer of the business including, but not limited to, assets, contracts, records and business names;
- ii. issue of the Shares and Convertible Notes in consideration for the acquisition;

iii. issue and payment for the Placement.

Completion is scheduled for the later of 31 January 2005 and the date occurring five Business Days after the satisfaction of all conditions precedent.

e) Warranties

eSat and Comdek have provided various warranties and indemnities under the Sale of Business Agreement considered to be of a type usual for agreements of this nature.

1.4. Effect of transaction on Capital Structure

The following table sets out the capital structure of the Company as at the date of the Explanatory Memorandum and after the completion of the Sale of Business Agreement.

Description	Number of Shares
Existing Shares on Issue	41,280,000
Shares issued as partial consideration for acquisition of business of eSat	5,320,000
Shares issued upon conversion of Convertible Notes issued as partial consideration for acquisition of business of eSat (assuming all Convertible Notes are converted)*	6,703,810
Shares issued pursuant to Placement	5,000,000
Existing convertible notes on issue at the date of this Notice (assuming all are converted)	3,875,000
Existing options on issue at the date of this Notice – 170,000 exercisable at \$0.14 each	170,000
- 150,000 exercisable at \$0.20 each	150,000
Total Maximum number of Shares/Convertible Notes on issue on Completion of Transaction	62,498,810

* No Convertible Note can be converted by a noteholder if the issue of the share on conversion of the Convertible Note would result in the noteholder or someone else breaching any provision of Chapter 6 of the Corporations Act. Please see section 2.4 of this Explanatory Memorandum for a summary of the terms of the Convertible Notes.

1.5 Pro Forma Statement of Financial Position

Provided below is the audited Historical Consolidated Statement of Financial Position as at 30 June 2004 and the Pro Forma Consolidated Statement of Financial Position as at 30 June 2004 prepared on the basis that the transaction contemplated by the Sale of Business Agreement had taken place on 30 June 2004.

The historical information presented as at 30 June 2004 for Comdek Ltd has been extracted from the 30 June 2004 Annual Report for Comdek Ltd. Ernst Young audited the financial report of Comdek Ltd for the year ended 30 June 2004.

	Consolidated Entity	
	Audited 30 June 2004 \$	Pro Forma 30 June 2004 \$
CURRENT ASSETS		
Cash assets	135,437	785,437
Receivables	754,132	1,647,132
Inventories	1,092,719	1,092,719
Other	157,655	157,655
TOTAL CURRENT ASSETS	2,139,943	3,682,943
NON-CURRENT ASSETS		
Receivables	61,476	61,476
Other financial assets	-	-
Plant and equipment	1,766,670	1,836,670
Intangible assets	1,784,258	3,244,020
Other	320,541	320,541
TOTAL NON-CURRENT ASSETS	3,932,944	5,462,707
TOTAL ASSETS	6,072,888	9,145,650
CURRENT LIABILITIES		
Payables	1,021,960	1,543,960
Interest-bearing liabilities	231,638	246,638
Current tax liabilities	223,553	223,553
Provisions	253,431	253,431
TOTAL CURRENT LIABILITIES	1,730,582	2,267,582
NON-CURRENT LIABILITIES		
Non Interest-bearing liabilities	-	1,115,514
Interest-bearing liabilities	946,108	981,108
TOTAL NON-CURRENT LIABILITIES	946,108	2,096,622
TOTAL LIABILITIES	2,676,690	4,364,204
NET ASSETS	3,396,198	4,781,446
EQUITY		
Contributed equity	4,325,755	5,711,003
Accumulated losses	(929,557)	(929,557)
Parent entity interest	3,396,198	4,781,446
TOTAL EQUITY	3,396,198	4,781,446

Please see the Annual Report 2004 which has been attached to this Notice of Annual General Meeting for further details of accounts and explanatory notes to the Statement of Financial Position.

The pro forma statement of financial position has been included for illustrative purposes to reflect the position of the Company on the assumptions that:

- a) Issue of 5,320,000 shares at 16.64 cents for the acquisition of business of eSat;
- b) Issue of 6,703,810 convertible notes at 16.64 cents for the acquisition of business of eSat;
- c) Issue of 5,000,000 shares through the Placement at 12 cents;
- d) The inclusion of assets and liabilities of the business of eSat as per the Sale of Business Agreement.
- e) Estimated cost of transaction of \$100,000.

1.6 Conclusion

The business of eSat provides a significant new revenue opportunity and suite of products for Comdek.

As part of the acquisition of the eSat business, the placement of shares to raise \$600,000 provides sufficient working capital to support the growth of the new business and underpins the financial security of the Company. The placement also demonstrates the commitment of the vendor to the growth of the business and the Company.

The business of eSat has already generated significant revenues and has demonstrated an exciting future prospect. The Directors believe that it will result in the creation of value for shareholders.

The resolutions proposed for the Annual General Meeting and set out in this Explanatory Memorandum are vital to the future of the Company. Shareholders are therefore urged to give careful consideration to the Notice and Explanatory Memorandum.

PART 2 - RESOLUTIONS

The Annual General Meeting has been called to receive and consider the 2004 Annual Report and consider a range of matters associated with the Company's ongoing operations.

2.1 Resolution 1 – Election of Director

These resolutions deal with the re-election of Mr David Falconer. Mr Falconer, having served as Non Executive Director retires by notification in accordance with the Corporations Act 2001 and the Company's Constitution.

Mr David Falconer Non Executive Director

David Falconer has a Bachelor of Science (Agric) and Bachelor of Commerce and is a CPA accountant. He is a Director of ConsultAg and AccountAg, providing consulting and accounting services to small and medium sized businesses.

Mr Falconer has 18 years experience in a broad range of agribusinesses, providing consulting and management services to farm businesses and industry. Mr Falconer has specialist skills in business planning, taxation, succession planning and finance.

The remaining Directors recommend that Shareholders vote in favour of Resolution 1.

2.2 Resolution 2 – Appointment of Somes & Cooke as Auditor

Pursuant to sections 329(5) of the Corporations Act 2001, Ernst Young has given written notice to the ASIC of its intention to resign as auditor of the Company, effective from the date of the Company's Annual General meeting.

As there will be a vacancy in the office of auditor as at the date of the Company's Annual General Meeting, Comdek will seek to appoint Somes & Cooke as auditor to fill the vacancy as permitted under section 327B(1)(b) of the Corporations Act.

Comdek received a notice from a Shareholder dated 20 December 2004 nominating Somes & Cooke as auditor of the Company. Section 328B(3) of the Corporations Act requires Comdek to send a copy of this nomination to Shareholders. A copy of this nomination is annexed to this Explanatory Memorandum.

Somes & Cooke has provided its written consent to being appointed as auditor to the Company.

2.3 Resolution 3 – Authorise Issue of Shares in relation to acquisition of eSat Communications Pty Ltd

The Company is seeking approval of the issue of 5,320,000 Shares at \$0.1664 each to eSat.

The Shares issued pursuant to Resolution 3 may not be offered for sale within 12 months of the date of their issue.

Listing Rule Requirements

Resolution 3 is required to be approved in accordance with Listing Rule 7.1

Listing Rule 7.1 limits the number of equity securities which a listed company may issue in any 12 month period without shareholder approval. That limit is, generally speaking, no more than 15% of the number of issued securities of the company held at the beginning of the 12 month period, plus the number of full paid ordinary shares issued with the approval of the shareholders or under one of the exceptions during the previous 12 months.

In compliance with Listing Rule 7.3, Shareholders are advised as follows:

- (a) the maximum number of securities that will be issued pursuant to this Resolution is 5,320,000 Shares;
- (b) the issue of securities pursuant to this Resolution will occur on completion of the Sale of Business Agreement and, in any event, no later than 3 months after the date of the Annual General Meeting, or such longer period as ASX may approve should the Company apply for a waiver of Listing Rule 7.3.2;
- (c) the 5,320,000 Shares to be issued in accordance with Resolution 3 will be issued at a deemed price of \$0.1664 (16.64 cents) per Share;
- (d) the 5,320,000 Shares the subject of this Resolution will be allotted and issued to eSat, as the vendor of the business.
- (e) the Shares to be issued pursuant to this Resolution will, from the date of issue, rank equally with, and enjoy the same rights as, all other Shares in issue in that class;
- (f) the Shares are to be issued in partial consideration for the Company acquiring all of the business of eSat; and
- (g) the Directors presently intend to allot and issue the Shares on or about 31 January 2005 and, in any event, by no later than 3 months after the date of the Annual General Meeting.

Voting Exclusion Statement

In accordance with Listing Rules 7.1 and 14.11, the company will disregard any votes cast on Resolution 3 by a person who may participate in the proposed issue and a person who might obtain a benefit, if the Resolution is passed (except a benefit solely in the capacity of a security holder) and an Associate of that person. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or its cast by the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form to vote as a proxy decides.

Accordingly, eSat and its nominees and Associates of eSat may not vote in Resolution 3.

Restricted Securities

The Shares issued to eSat may be subject to escrow in accordance with the Listing Rules. ASX may, at its absolute discretion, impose an escrow period from the date of issue of the Shares.

Directors Recommendation

All Directors believe Resolution 3 is in the best interests of the Company and recommend Shareholders vote in favour of Resolution 3.

2.4 Resolution 4 – Authorise Issue of Convertible Notes

Pursuant to Resolution 4 the Directors seek authorisation to issue 6,703,810 Convertible Notes at an issue price of \$0.1664 (16.64 cents) as partial consideration for the acquisition of the business of eSat.

The Resolution seeks to obtain Shareholder approval pursuant to Listing Rule 7.1 for the issue of the Convertible Notes and their conversion to Shares.

Each Convertible Note is convertible into one Share.

The Convertible Notes will be issued in three classes.

Of the 6,703,810 Convertible Notes issued:

- i. 1,894,286 will be issued as “A” class Convertible Notes issued at \$0.1664 each;
- ii. 2,404,762 will be issued as “B” class Convertible Notes issued at \$0.1664 each;
- iii. 2,404,762 will be issued as “C” class Convertible Notes issued at \$0.1664 each;

No interest is payable in respect of a Convertible Note provided the principal sum (if payable) is paid in full on the Repayment Date (31 January 2008) or an earlier redemption date. Interest is repayable at the rate prescribed for default judgments of the Supreme Court of Western Australia if Comdek defaults under the terms of the Convertible Notes.

If the applicable performance condition precedent in respect of a class of Convertible Note has not been satisfied prior to the Repayment Date then Comdek is entitled to redeem all of the Convertible Notes of that class without being required to make payment of any part of the principal sum otherwise payable on those Convertible Notes.

The applicable performance conditions precedent in respect of each Convertible Note are as follows:

- i. for all “A” class Notes, there is no applicable performance condition precedent;
- ii. for all “B” class Notes, the applicable performance condition precedent is that the HiBIS client base of Comdek reaches 500 installations; and
- iii. for all “C” class Notes, the applicable performance condition precedent is that the HiBIS client base of Comdek reaches 1,000 installations.

The applicable performance conditions precedent in respect of each Convertible Note will be taken for all purposes of the Sale of Business Agreement to be satisfied if:

- i. Comdek enters into any agreement to dispose of all or any material part of the eSat business acquired; or
- ii. a takeover offer is made for all of the Shares of Comdek pursuant to Chapter 6 of the Corporations Act by a party which is not associated with any noteholder.

If all Convertible Notes are converted on or before their expiry date then a total of 6,703,810 new Shares will be issued. It is not possible at this time to determine whether or not any, or how many, Convertible Notes will be converted.

Other terms of the Convertible Notes are as follows:

Status

The Convertible Notes are obligations of the Company. The Convertible Notes are unsecured. After secured claims and obligations preferred under the law, the claims of noteholders rank with other creditors before the claims of Shareholders of the Company. The Convertible Notes will not be quoted on the ASX.

Maturity

The maturity date for the Convertible Notes is 31 January 2008.

Conversion

A noteholder may elect to convert Convertible Notes to Shares by submitting a duly completed conversion notice to the Company at anytime until 31 January 2008. In respect of the Convertible Notes converted, the Company must issue the Shares and holding statements within 10 Business Days of the date a duly completed conversion notice is received by the Company.

Shares issued on conversion of Convertible Notes rank equally with other Shares then on issue.

No Convertible Note may be converted by a Noteholder if the issue of the Share on conversion of the Convertible Note would result in the noteholder or someone else breaching any provision of Chapter 6 of the Corporations Act

Rate of Conversion

Subject to any adjustments, each Convertible Note may be converted to one Share. The rate of conversion may be adjusted if the Company makes a bonus issue, or if the Company reorganises its capital while any Convertible Notes are on issue. Any adjustments will be made in accordance with the Listing Rules.

Repayment of Principal

The Company will repay the issue price of \$0.1664 for each Convertible Note that has not been converted on maturity date being 31 January 2008. If all Convertible Notes are redeemed for the principal sum this will amount \$1,115,514.00.

Participation Rights

Noteholders do not have any rights to a change in the conversion price, or a change in the number of Shares into which the Convertible Notes convert, except where there has been a bonus issue or a reorganisation of capital. If the Company makes a pro-rata offer of securities to Shareholders while any Convertible Notes are outstanding, the Company will give 28 days notice to Noteholders of the proposed pro-rata issue. The Convertible Notes do not confer a right to vote or attend at general meetings of the Company. Noteholders are not entitled to participate in dividends declared (if any) by the Company unless the Convertible Notes are converted prior to the relevant record date for that dividend.

Transfer

The Convertible Notes are freely transferable upon the expiry of 12 months after their issue.

Statements

A statement of holding will be issued for the Convertible Notes within 10 Business Days of the issue date of the Convertible Notes.

Listing Rule Requirements

Resolution 4 require approval in accordance with Listing Rule 7.1

Listing Rule 7.1 limits the number of equity securities which a listed company may issue in any 12 month period without shareholder approval. That limit is, generally speaking, no more than 15% of the number of issued securities of the company held at the beginning of the 12 month period, plus the number of full paid ordinary shares issued with the approval of the shareholders or under one of the exceptions during the previous 12 months.

In compliance with Listing Rule 7.3, Shareholders are advised as follows:

(a) the maximum number of securities that will be issued pursuant to Resolution 5 is 6,703,810 Convertible Notes that are convertible into 6,703,810 Shares;

(b) the issue of the Convertible Notes pursuant to these Resolutions will occur on completion of the Sale of Business Agreement and, in any event, no later than 3 months after the date of the Annual General Meeting;

(c) the 6,703,810 Convertible Notes to be issued in accordance with Resolution 4 will be issued at a price of \$0.1664 (16.64 cents) per Convertible Note each Convertible Note being convertible into one ordinary Share;

(d) the 6,703,810 Convertible Notes the subject of Resolution 4 will be allotted and issued to eSat, as the vendor pursuant to the Sale of Business Agreement.

(e) the Convertible Notes are to be issued in partial consideration for the Company acquiring all of the business of eSat.

Voting Exclusion Statement

In accordance with Listing Rules 7.1 and 14.11, the company will disregard any votes cast on Resolution 4 by a person who may participate in the proposed issue and a person who might obtain a benefit, if the Resolution is passed (except a benefit solely in the capacity of a security holder) and an associate of that person. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or its cast by the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form to vote as a proxy decides.

Accordingly, eSat and associates of eSat may not vote in Resolution 4.

Directors Recommendation

All Directors believe Resolution 4 is in the best interests of the Company and recommend Shareholders vote in favour of Resolution 4.

2.5 Resolution 5 – Placement of Shares

Pursuant to the Sale of Business Agreement the Company will raise \$600,000 from the issue of Placement Shares to Placement Investors. The Company intends to issue up to 5,000,000 Shares at an issue price of \$0.12 (12 cents) each to eSat for working capital purposes.

Under the Sale of Business Agreement the Share issued pursuant to Resolution 5 cannot be offered for sale within 12 months of their issue.

Listing Rule Requirements

Resolution 5 is required to be approved in accordance with Listing Rule 7.1

Listing Rule 7.1 provides that a listed company may not issue equity securities in any 12 month period which exceeds 15% of the number of issued securities of the company held at the beginning of the 12 month period, except with the prior approval of shareholders of the company in general meeting of the terms and conditions of the proposed issue.

In compliance with Listing Rule 7.3, Shareholders are advised as follows:

- (a) the maximum number of securities that will be issued pursuant to Resolution 5 is 5,000,000 Shares;
- (b) the issue of securities pursuant to Resolution 5 will occur on completion of the Sale of Business Agreement and, in any event, no later than 3 months after the date of the Annual General Meeting, or such longer period as ASX may approve should the Company apply for a waiver of Listing Rule 7.3.2;
- (c) the 5,000,000 Shares to be issued in accordance with Resolution 5 will be issued at a price of \$0.12 (12 cents) per Share;
- (d) the 5,000,000 Shares the subject of Resolution 5 will be allotted and issued to eSat.
- (e) the Shares to be issued pursuant to Resolution 5 will raise approximately \$600,000 and, from the date of issue, rank equally with, and enjoy the same rights as, all other Shares in issue in that class;
- (f) the funds raised by the issue of the Shares will be applied by the Company towards funding working capital requirements; and
- (g) the Directors presently intend to allot and issue the Shares on or about 31 January 2005 and, in any event, by no later than 3 months after the date of the Annual General Meeting.

Voting Exclusion Statement

In accordance with Listing Rules 7.1 and 14.11, the company will disregard any votes cast on Resolution 5 by a person who may participate in the proposed issue and a person who might obtain a benefit, if the Resolution is passed (except a benefit solely in the capacity of a security holder) and an Associate of that person. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or its cast by the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form to vote as a proxy decides.

Accordingly, eSat, and its Associates, may not vote on Resolution 5.

Recommendation of Directors

All Directors recommend Shareholders vote in favour of Resolution 5.

2.6 Resolutions 6 and 7 – Election of Directors

These Resolutions deal with the election of Mr Harry Kelly and Mr Norman Hilton as Directors following the completion of the Sale of Business Agreement. Mr Kelly and Mr Hilton have consented to their appointment as Directors. Being eligible each offers themselves for election. Set out below is a brief background on each of the directors seeking election.

Harry Kelly Non-executive Director

Age: 56

Mr Kelly is an Accountant who acts as Financial Advisor to the Doherty Hotel Group and eSat Communications Pty Ltd. Mr Kelly is qualified as a Fellow Professional National Accountant and Fellow of the Australasian Institute of Bankers. Mr Kelly's career has centred around the banking industry having served with the CBA Group from 1966 to 1998, the period from 1984 onwards as a specialist Investigating Accountant in the Commonwealth Development Bank. In that role he was responsible for arranging specialised financing packages for developing businesses. After rising to senior manager status with Commonwealth Development Bank, Mr Kelly resigned to pursue opportunities as an independent adviser.

Norman Hilton B Comm, FCA Non-executive Director

Age: 58

Mr Hilton is a former senior partner of one of the 'Big 4' international accounting firms, where he spent 20 years in Australian, Canadian and USA offices. From 1986 to 1988 he was Chief Financial Officer and then Managing Director of a substantial ASX listed oil and gas exploration and production group. For the last 16 years he has been principal of his own advisory firm, providing financial services and strategic advice to growing companies. He is a non-executive Director of NRMA CareFlight and various private companies.

2.26 Directors Recommendation

The existing Directors believe that Shareholders vote in favour of Resolutions 6 and 7.

GLOSSARY

In this Explanatory Memorandum and Notice of Meeting the following expressions have the following meanings, unless stated or unless the context otherwise requires:

"**Annual General Meeting**" or "**Meeting**" means the general meeting of the Shareholders to be held on 28 January 2005 (or any adjournment of that meeting) convened by the Notice.

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

"**ASX**" means Australian Stock Exchange Limited.

"**ASX Listing Rules**" or "**Listing Rules**" means the listing rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

"**Business Day**" has the meaning given in the Listing Rules.

"**Comdek**" or "**Company**" means Comdek Limited ABN 91 059 950 337.

"**Constitution**" means the Company's constitution.

"**Convertible Note**" means one of the 6,703,810 convertible notes issued as partial consideration in accordance with Sale of Business Agreement and otherwise on the terms and conditions described in section 2.4 of this Explanatory Memorandum.

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

"**Director**" means a director of the Company, including either an existing Director or proposed Director or both (as the context requires).

"**Explanatory Memorandum**" means this explanatory memorandum.

"**eSat**" means eSat Communications Pty Ltd ABN 31 103 233 567

"**Notice**" and "**Notice of Annual General Meeting**" means the notice of Annual General Meeting that accompanies this Explanatory Memorandum

"**Placement**" means the placement of 5,000,000 Shares each at a subscription price of \$0.12 (12 cents).

"**Resolution**" means the resolutions set out in the Notice of Annual General Meeting to be held on 28 January 2005.

"**Sale of Business Agreement**" means the sale agreement between Comdek and eSat Communications Pty Ltd dated 24 December 2004.

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

"**Shareholder**" means a holder of Shares.

20th December 2004

The Directors
Comdek Limited
673 Murray Street
WEST PERTH WA 6005

Dear Sirs

NOMINATION OF SOMES & COOKE CHARTERED ACCOUNTANTS AS AUDITOR

Pursuant to section 328B(1) of the *Corporations Act 2001* (Cth), I, Halley Cowan, being a member of Comdek Limited ABN 91 059 950 337 ("Company"), hereby nominate Somes & Cooke of 1304 hay Street, West Perth Western Australia for appointment as auditor of the Company at the next annual general meeting of the Company convened for on or about 28 January 2005.

Please distribute copies of this notice as required by section 328B(3) of the *Corporations Act 2001* (Cth).

Yours faithfully

Halley Cowan