

6 February 2008

Company Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

SOUTH AFRICAN COAL ACQUISITION - DUE DILIGENCE UPDATE

The directors of Comdek Limited (**Comdek**) are pleased to announce that, subject to receiving approval from the Reserve Bank of South Africa, the Company has completed due diligence for its acquisition of Isicebi Carbon Mining (Pty) Ltd (**Isicebi**), a South African company that has the right to earn a 70% interest in three coal projects located in the Waterberg region of South Africa.

Highlights of the South African Coal Acquisition as announced to the market on 7 November 2007 are:

- Initial Inferred Resource of 415 million tonnes of thermal and coking coal;
- Potential to increase resource tonnages;
- Properties located close to infrastructure and power stations;
- Properties were previously owned by BHP Billiton and BP Coal and now available due to changes made by the Minerals and Petroleum Resources Development Act ;
- Project partner (30%) Lukale Mining Pty Ltd (**Lukale**) is a Black Empowerment Enterprise.

Lukale has advised Comdek that it is satisfied with its due diligence on Isicebi and with its ability to deliver on its obligations in terms of the joint venture agreement to acquire an interest in, and manage exploration, development and mining on the three coal licences.

Comdek has completed its due diligence program on the project. However, Comdek's advisers in South Africa are still waiting receipt of the approval of (or non-objection to) the transaction by the Reserve Bank of South Africa which, when received, will satisfy the remaining due diligence condition.

The transaction remains subject to approval by Comdek shareholders. A shareholder meeting to approve the transaction is scheduled for 10 March 2008. The Notice of General Meeting and Explanatory Statement are attached and will be sent to shareholders shortly.

Yours faithfully
COMDEK LIMITED

SCOTT DOUGLAS
Director

COMDEK LIMITED

ABN 91 059 950 337

NOTICE OF EXTRAORDINARY GENERAL MEETING

TIME: 11am

DATE: 10 March 2008

PLACE: Seminar Room 3, The University Club of Western Australia, Off Hackett Drive, Crawley, Western Australia

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (08) 9221 7908.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The General Meeting of the Shareholders of Comdek Limited will be held at 11am (WST) on 10 March 2008 at:

Seminar Room 3, The University Club of Western Australia, Off Hackett Drive, Crawley, Western Australia.

YOUR VOTE IS IMPORTANT

The business of the General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the place set out above.

VOTING BY PROXY

Proxies

Please note that:

- (a) a Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company;
- (c) a Shareholder may appoint a body corporate or an individual as its proxy;
- (d) a body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Shareholder's proxy; and

- (e) Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, should provide that person with a certificate or letter executed in accordance with the Corporations Act authorizing him or her to act as that company's representative. The authority may be sent to the Company or its share registry in advance of the General Meeting or handed in at the General Meeting when registering as a corporate representative.

To vote by proxy, please complete and sign the proxy form enclosed and either:

- (a) deliver the proxy form:
 - (i) by hand to the Company's registered office at Level 24, 44 St Georges Terrace, Perth, Western Australia 6000; or
 - (ii) by post to PO Box Z5183, St Georges Terrace, Perth, Western Australia 6831; or
- (b) fax the proxy form to the Company on facsimile number (61 8) 9218 8875.

so that it is received not later than 11 am on 7 March 2008. Proxy forms received later than this time will be invalid.

Your proxy form is enclosed after the Explanatory Statement.

NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of Shareholders of Comdek Limited will be held at 11am (WST) on 10 March 2008 at Seminar Room 3, The University Club of Western Australia, Off Hackett Drive, Crawley, Western Australia.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the proxy form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at the close of business on 8 March 2008.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

1. RESOLUTION 1 – ISSUE OF SHARES IN CONNECTION WITH THE ACQUISITION OF ISICEBI CARBON MINING (PROPRIETARY) LTD – FIRST TRANCHE CONSIDERATION

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

“That, subject to and conditional upon the passing of Resolutions 2 and 3, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to allot and issue 37,500,000 Shares and 18,750,000 \$0.05 Options to the Vendor or its nominee for the purposes and on the terms and conditions set out in the Explanatory Statement.”

To propose and if thought fit, to pass, the following resolution as an **ordinary resolution**.

Voting Exclusion Statement – Resolution 1

In accordance with Listing Rule 7.3.8, the Company will disregard any votes cast on Resolution 1 by:

- Neil Owen Strydom; and
- a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the resolution is passed and an associate of those persons listed above.

However the Company need 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 the directions on the proxy form; or
- it is a cast by the 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.

2. RESOLUTION 2 – ISSUE OF SHARES IN CONNECTION WITH THE ACQUISITION OF ISICEBI CARBON MINING (PROPRIETARY) LTD – SECOND TRANCHE CONSIDERATION

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

"That, subject to and conditional upon the passing of Resolutions 1 and 3, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to allot and issue 37,500,000 Shares and 18,750,000 \$0.05 Options to the Vendor or its nominee for the purposes and on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement – Resolution 2

In accordance with Listing Rule 7.3.8, the Company will disregard any votes cast on resolution 2 by:

- Neil Owen Strydom; and
- By any person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if Resolution 2 is passed and an associate of those persons or of the entities listed above.

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 the 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.

3. RESOLUTION 3 – ISSUE OF SHARES IN CONNECTION WITH THE JOINT VENTURE WITH LUKALE MINING (PROPRIETARY) LTD AND UMNOTHO WE SIZWE GROUP (PTY) LTD

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

"That, subject to and conditional upon the passing of Resolutions 1 and 2, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to allot and issue 48,102,365 Shares to the shareholders of Lukale Mining Company (Pty) Ltd, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement –Resolution 3

In accordance with Listing Rule 7.3.8, the Company will disregard any votes cast on resolution 3 by:

- Lukale Mining (Proprietary) Ltd;
- Umnotho We Sizwe Group Pty Ltd;
- Isicebi Carbon Mining (Proprietary) Ltd;
- Neil Owen Strydom;
- The shareholders of Lukale Mining Company (Pty) Ltd; and
- By any person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if Resolution 3 is passed and an associate of those persons or of the entities listed above.

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 the 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.

4. RESOLUTION 4 – APPROVAL TO ISSUE FACILITATION OPTIONS

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

“That subject to and conditional upon the due passage of Resolutions 1 – 3 (inclusive) and for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval be and is hereby given, to the issue of 10,000,000 \$0.05 Options to Ventnor Capital Pty Ltd or its respective nominees, on the terms and conditions set out in the accompanying Explanatory Statement.”

Voting Exclusion Statement –Resolution 4

In accordance with Listing Rule 7.3.8, the Company will disregard any votes cast on resolution 4 by:

- Ventnor Capital Pty Ltd;
- Riverview Corporation Pty Ltd;
- Great City Corporation Pty Ltd; and
- any person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if Resolution 4 is passed and an associate of those persons or of the entities listed above.

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 the 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.

5. RESOLUTION 5 – ISSUE OF OPTIONS TO RELATED PARTY – SCOTT DOUGLAS

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 208 of the Corporations Act, Listing Rule 10.11, and all other purposes, approval is given for the Company to allot and issue 2,500,000 \$0.05 Options exercisable at \$0.05 and issue 2,500,000 \$0.07 Options exercisable at \$0.07 to Mr Scott Douglas.”

Voting Exclusion Statement –Resolution 5

In accordance with Listing Rule 10.13.6, the Company will disregard any votes cast on resolution 5 by:

- Scott Douglas; and
- an associate of Scott Douglas.

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 the 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.

6. RESOLUTION 6 – ISSUE OF OPTIONS TO RELATED PARTY – MICHAEL HUNT

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 208 of the Corporations Act, Listing Rule 10.11, and all other purposes, approval is given for the Company to allot and issue 3,500,000 \$0.10 Options exercisable at \$0.10 and issue 3,500,000 \$0.15 Options exercisable at \$0.15 to Mr Michael Hunt."

Voting Exclusion Statement –Resolution 6

In accordance with Listing Rule 10.13.6, the Company will disregard any votes cast on resolution 6 by:

- Michael Hunt; and
- an associate of Michael Hunt.

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 the 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.

7. RESOLUTION 7 – APPROVAL OF THE COMPANY'S EMPLOYEE SHARE OPTION PLAN

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

"That, for the purposes of Class Order 03/184 and 03/806, Listing Rule 7.2 exception 9 and all other purposes, the Company adopt and approve Comdek Limited Employee Share Option Plan on the terms and conditions contained in the Explanatory Statement."

Voting Exclusion Statement –Resolution 7

In accordance with Listing Rule 14.11.1 and 7.2 exception 9(b), the Company will disregard any votes cast on resolution 7 by:

- a director of the of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company); and
- an associate of the person detailed above.

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 the 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.

8. EXPLANATORY STATEMENT

The accompanying Explanatory Statement forms part of this Notice of General Meeting and should be read in conjunction with it.

Resolutions 1 to 4 (inclusive) are subject to and conditional on Resolutions 1 through 3 being passed. Accordingly, the resolutions should be considered collectively as well as individually.

Shareholders are specifically referred to the Glossary in the Explanatory Statement which contains definitions of capitalized terms used in this notice of General Meeting and the Explanatory Statement.

Proxies

Please note that:

- a. a Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- b. a proxy need not be a member of the Company;
- c. a Shareholder may appoint a body corporate or an individual as its proxy;
- d. a body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Shareholder's proxy; and
- e. Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, should provide that person with a certificate or letter executed in accordance with the Corporations Act authorizing him or her to act as that company's representative. The authority may be sent to the Company or its share registry in advance of the General Meeting or handed in at the General Meeting when registering as a corporate representative.

VOTING ENTITLEMENTS

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001, the Board has determined that a person's entitlement to vote at the General Meeting will be the entitlement of that person set out in the register of Shareholders as at 5.00pm (WST) on 8 March 2008. Accordingly, transactions registered after that time will be disregarded in determining Shareholder's entitlement to attend and vote at the General Meeting.

DATED: This 25th day of January 2008
BY ORDER OF THE BOARD

MARK CLEMENTS
COMPANY SECRETARY

EXPLANATORY STATEMENT TO SHAREHOLDERS

COMDEK LIMITED (ACN 059 950 337)

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the General Meeting to be held at 11am (WST) on 10 March 2008 at Seminar Room 3, The University Club of Western Australia, Off Hackett Drive, Crawley, Western Australia.

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

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1. OVERVIEW AND BACKGROUND TO TRANSACTION

PRO FORMA BALANCE SHEET

Set out below is the unaudited Company balance sheet as at 31 December 2007 and an audited Company balance sheet as at 30 June 2007, together with a pro forma Consolidated balance sheet following implementation of all of the Resolutions contained in this Notice and the issue of Shares pursuant to the acquisition of ICM.

	Audited as at 30 June 2007	Unaudited as at 31 December 2007	Pro-forma
	\$	\$	\$
Current assets			
Cash and cash equivalents	986,280	1,812,219	1,891,697
Receivables	102,582	60,309	60,309
Inventory	3,415	12,061	12,061
Prepayments	11,862	1,294	1,294
Total current assets	1,104,139	1,885,883	1,965,361
Non-current assets			
Exploration and evaluation expenditure ⁽¹⁾	-	-	6,158,808
Deposits and prepayments	1,200	1,200	1,200
Property, plant & equipment	56,107	49,566	49,566
Total non-current assets	57,307	50,766	6,209,574
Total assets	1,161,446	1,936,649	8,174,934
Current liabilities			
Trade and other payables	21,640	68,221	68,221
Interest bearing liabilities	18,211	4,677	4,677
Total current liabilities	39,851	72,898	72,898
Non-current Liabilities			
Interest bearing liabilities	-	-	-
Total Non-current Liabilities	-	-	-
Total liabilities	39,851	72,898	72,898
Net assets	1,121,595	1,863,751	8,102,036
Equity			
Issued capital	1,183,084	2,421,132	8,659,417
Reserves			
Accumulated losses	(61,489)	(557,381)	(557,381)
Equity	1,121,595	1,863,751	8,102,036

Note:

(1) Exploration and evaluation expenditure represents the estimated fair value of three uranium exploration licences granted to Uranex SA and the estimated fair value of the joint venture between ICM, Lukale and Umnotho in relation to the exploration licences for three coal projects.

Note

The movement in issued capital is reconciled as follows:

Issued Capital;	\$
Opening balance as at 31 December 2007	2,421,132
Options converted to shares during the period to date of Notice	350,000
Issue of 1st tranche consideration Shares to acquire ICM (Resolution 1)	1,500,000
Issue of 2nd tranche consideration Shares (Resolution 2)	1,500,000
Issue of Shares to enter into Joint Venture with Lukale (Resolution 3)	1,888,235
Issue of vendor Shares pursuant to Uranex SA acquisition	1,000,000
Shares issued pursuant to Prospectus	50
Closing balance	<u>8,659,417</u>

1.1 Capital Structure

The capital structure of the Company following implementation of all of the Resolutions contained in this Notice is set out below.

Shares	Number
Current issued Shares*	410,493,437
Acquisition of Uranex SA	40,000,000
Issue of 1st tranche consideration Shares (Resolution 1)	37,500,000
Issue of 2nd tranche consideration Shares (Resolution 2)	37,500,000
Issue of Shares to enter into Joint Venture with Lukale (Resolution 3)	48,102,365
Total Shares	573,595,802
Options	
Current issued Options	
31 December 2008 (\$0.01 exercise price)	19,166,575
28 November 2012 (\$0.025 exercise price)	4,500,000
28 November 2012 (\$0.06 exercise price)	4,500,000
Issue of \$0.05 Options (Resolution 1)	18,750,000
Issue of \$0.05 Options (Resolution 2)	18,750,000
Issue of \$0.05 Options (Resolution 4)	10,000,000
Issue of \$0.05 Options (Resolution 5)	2,500,000
Issue of \$0.07 Options (Resolution 5)	2,500,000
Issue of \$0.10 Options (Resolution 6)	3,500,000
Issue of \$0.15 Options (Resolution 6)	3,500,000

Total Options	87,666,575
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- * Approval was sought at the Company's Annual General Meeting for 40,000,000 Shares to be issued to the Vendors of Uranex SA and as at the date of the Notice the 40,000,000 Shares have not yet been issued.

1.2 Overview of the Transaction

As announced to ASX on 7 November 2007, the Company has entered into a share sale agreement (**Share Sale Agreement**) with the shareholder of ICM (**Vendors**) to acquire all the shares of ICM a South African registered company, that has signed a Joint Venture agreement with Lukale Mining Company (Pty) Ltd ("Lukale") and Umnotho We Sizwe Group (Pty) Ltd ("Umnotho"), to acquire an interest in, and to farm in to three coal licences held by Lukale located in South Africa, (the "Projects").

Under the terms of the Joint Venture agreement ICM is to acquire 70% of the issued capital of Lukale (**Acquisition**). Lukale is a South African registered company which holds three Exploration Permits located in the Waterberg region of South Africa (**Exploration Permits**).

In addition to the current communications business of the Company, the Company intends to utilise the historical exploration data to form the basis of an exploration program to generate targets within the project areas. Subject to Shareholder approval and the successful completion of the Acquisition, the Company expects to commence the BFS in the first quarter of 2008.

The material terms of the acquisition agreement are as follows:

1.3 Share Sale Agreement

The Company entered into a Share Sale Agreement with Neil Owen Strydom (the Vendor) on or about 6 November 2007, to acquire all of the issued capital in Isicebi Carbon Mining (Pty) Limited (Registration No. 2006/036658/07) ("ICM").

The material terms of the Share Sale Agreement include the following:

- (a) The Vendor owns all of the issued capital in ICM. ICM has a 20% legal and beneficial interest in the prospecting right granted to Lukale Mining Company (Pty) Ltd (Registration No. 2003/026018/07) ("Lukale") over Koert Louw Zyn Pan on 4 July 2007 and registered in the Mining Petroleum Titles Registration Office under PR678/2007, and the prospecting right granted to Lukale over Lisbon and Zoetfontein on 4 July 2007 and registered in the Mining and Petroleum Titles Registration Office under PR720/2007.
- (b) The Company will issue Shares and Options to the Vendor being 75,000,000 fully paid ordinary Shares and 37,500,000 Options in the Company at the deemed issue price of \$0.05 per share, plus the sum of US\$50,000 to the Vendor at completion in consideration of the Company acquiring all the issued capital of ICM. The Shares and Options are to be issued in two tranches with the first tranche payable on completion of the Share Sale Agreement (Resolution 1) and the second tranche of consideration to be paid the earlier of six months from completion of the Share Sale Agreement or completion of a positive scoping study by ICM (Resolution 2). The issue of the Tranche Shares and Options to the Vendor are subject to and conditional on the Joint Venture Agreement

remaining in full force and effect and having not been terminated within 6 months of its execution.

- (c) The warranties and representations contained in the Share Sale Agreement are considered to be standard for agreements of this type.

The Share Sale Agreement is conditional upon the following:

- (d) The Company obtaining all necessary regulatory and Shareholder approvals in connection with the Share Sale Agreement and the transactions contemplated by this Agreement.
- (e) Execution of the Joint Venture Agreement.
- (f) Completion of unfettered due diligence of ICM by the Company within 4 weeks of execution by all parties of the Share Sale Agreement.
- (g) The Vendor obtaining all necessary Shareholder and regulatory approvals in connection with the Share Sale Agreement and the Joint Venture Agreement and the transactions contemplated by both those agreements.

1.4 Joint Venture Agreement

ICM entered into a Joint Venture Agreement ("JV Agreement") with Lukale and Umnotho We Sizwe Group (Pty) Limited (Registration No. 1997/142690/07) ("Umnotho") on 29 October 2007. The material terms of the JV Agreement are:

- (a) The JV Agreement applies to the Waterberg properties which consist of:
 - (i) Koert Louw Zyn Pan – the farm KLZP 234LQ situated in the Waterberg Administrative District, measuring 1365.3077 hectares;
 - (ii) Lisbon and Zoetfontein – the remaining extent and portion 1 of the farm Lisbon 19LQ and the farm Zoetfontein 22LQ, all situated in the Waterberg Administrative District, collectively measuring 1795.7481 hectares. (together "the Waterberg Prospecting Rights")
- (b) The JV Agreement is subject to and conditional upon satisfaction of a number of conditions (**Conditions Precedent**), these Conditions Precedent include the following-
 - (i) ICM being satisfied (in its sole discretion) with a legal due diligence report commissioned by it on the integrity and validity of the Waterberg Prospecting Rights and on ICM's ability to obtain an interest in such rights as envisaged by the JV Agreement;
 - (ii) ICM being satisfied (in its sole discretion) with a technical due diligence on the Waterberg Properties;
 - (iii) the approval or non-objection of the Reserve Bank of the Republic of South Africa;
 - (iv) Lukale being satisfied (in its sole discretion) with a due diligence on ICM and Comdek and its/their ability to deliver any of its/their obligations in terms of the JV agreement; and

- (v) ICM and Comdek shareholder and board approval to the JV Agreement and the transactions contemplated by it.
- (c) Lukale is the holder of the Waterberg Prospecting Rights. ICM has experience and expertise in the coal industry and has a strong capability in financing such coal prospecting and mining projects.
- (d) Lukale wishes to contribute the Waterberg Prospecting Rights and other skills, and ICM wishes to contribute its exploration, mining and financing capabilities to a joint venture between them that will facilitate the exploration and, if justified, development and mining of the coal resource on the Waterberg properties.
- (e) Approximately seven (7) days from settlement of the JV Agreement, ICM has undertaken to pay Lukale US\$80,000 as consideration for the Lukale allowing ICM to participate in the Waterberg Project.
- (f) Within fourteen (14) days from completion of the JV Agreement, ICM will issue Shares to Lukale to the value of US\$240,000 being approximately 10,545,222 Shares and ICM will acquire a 20% interest in the joint venture. The consideration for the 20% interest will be the issue of shares in the Company to Lukale to the value of US\$1,365,000 being approximately 37,557,143 Shares.
- (g) ICM will be able to earn a further 50% interest in the Joint Venture by incurring costs of US\$5,000,000 towards a detailed study by a suitably qualified entity in respect of the viability of the development and exploitation of a mine on or under the Waterberg Properties or ICM completes a bankable feasibility study described above.
- (h) In the event that the detailed study on the viability of the development and exploitation of the mine on the Waterberg Properties exceeds US\$5,000,000, Lukale and ICM will be jointly responsible for the additional costs as follows:
 - (i) Lukale will be responsible for 37.5%;
 - (ii) ICM will be responsible for 62.5%.
- (i) Management in control of the Joint Venture shall vest in the management board. ICM and Lukale will each be entitled to appoint two representatives to the management board.
- (j) Lukale will be paid R100,000 per month for the time spent by the representatives to the Management Board undertaking their duties as members of the Management Board. Lukale will also be paid R1.30 Rand per tonne of coal sold from the Waterberg properties by the Waterberg Joint Venture.
- (k) In the event that either party to the Joint Venture Agreement decides to sell or alienate any proportion of their interest in the joint venture then that party must first offer to the other parties a right of first refusal to purchase that interest.

1.5 Overview of the Coal Projects

The Waterberg Coalfield is located in the North Western area (Figure 1) of South Africa and continues across the border into Botswana. The coalfield strikes approximately 90 kilometres east-west and 40 kilometres north-south.

The main town Lephalale is situated in the south-east of the coalfield. The three properties Comdek is to acquire an interest in are on the border with Botswana and are serviced by good quality roads.

The Lisbon and Zoetfontein properties are within 30km, and the Koert Louw Zyn Pan property is within 50km of the Grootegeluk opencast coal mine. Immediately adjacent to the mine is the rail head which leads to the Richards Bay Coal Terminal (RBCT), the largest South African coal export port. Also adjacent to the mine are the operating Matimba and the under-construction Medupi coal fired power stations. Lisbon LQ 19 (800 Hectares) is on the Limpopo river border with Botswana. Zoetfontein LQ 22 (995 Hectares) is immediately adjacent to Lisbon LQ 19. Both properties have been drilled by BHP Billiton and show the potential for significant tonnages of open cast coal in the lower zones of the Waterberg sequence. The Zoetfontein Fault also runs East-West through the middle of these farms and it is expected that 50% of the coal is shallow at around 16m below the surface with the remainder of the coal being greater than 250m deep. Koert Louw Zyn Pan LQ 234 (1,365 Hectares) is on the Limpopo river border with Botswana. This property has been drilled by BP Coal and shows the potential for significant tonnages of open cast coal from all zones of the Waterberg sequence.

All the existing drill data for these three farms has been requested, with initial drill data being received. Dawie Van Wyk of Geocoal Pty Ltd has been engaged to review all this data and to complete a resource calculation to be compliant with the SAMREC and JORC codes. An initial inferred resource of 415 million tonnes has been calculated from existing drilling information compiled to date (please refer to the ASX announcement made by the Company on 7 November 2007). Further data is currently being sourced and validated and a further update on the inferred resource will be announced in due course. A drilling campaign will be designed once all drill hole data has been acquired and assessed.

2. RESOLUTION 1 – ISSUE OF SHARES IN CONNECTION WITH THE ACQUISITION OF ISICEBI CARBON MINING (PROPRIETARY) LIMITED – FIRST TRANCHE CONSIDERATION

2.1 Background Information

Pursuant to the Share Sale Agreement referred to in Section 1.3 of this Explanatory Statement, the Company agreed to issue a total of 75,000,000 Shares and 37,500,000 \$0.05 Options to Neil Owen Strydom or his nominee(s). The issue of shares and options were agreed to be issued in two tranches of consideration.

Resolution 1 is an ordinary resolution which seeks approval for the issue of 37,500,000 Shares and 18,750,000 \$0.05 Options to the Vendors as the first tranche of the consideration for the acquisition of 100% of the issued capital in ICM. The second tranche of the consideration is to be issued pursuant to Resolution 2 detailed in section 3 of this Explanatory Statement.

The Shares to be issued pursuant to Resolution 1 will rank equally in all respects with the currently issued Shares in the Company. The Options will be issued on the terms and conditions set out Annexure B.

The issue of the Shares and \$0.05 Options under Resolution 1 is to be approved by Existing Shareholders under the requirements of Listing Rule 7.1 .

2.2 Approval under ASX Listing Rule 7.1

An outline of Listing Rule 7.1 is provided in section 9.2 to this Explanatory Memorandum.

Listing Rule 7.3 requires certain other information to accompany a Notice of General Meeting in relation to approval sought under Listing Rule 7.1. This information is set out below:

The following information is provided in relation to the issue of the Shares pursuant to and in accordance with ASX Listing Rule 7.3:

- (a) the maximum number of securities to be issued is 37,500,000 Shares and 18,750,000 \$0.05 Options;
- (b) the Shares and \$0.05 Options will be issued to Neil Owen Strydom or his nominee(s);
- (c) the Shares and \$0.05 Options will be issued for nil cash consideration and the \$0.05 will be exercisable at \$0.05;
- (d) the Shares and \$0.05 Options will be issued no later than 3 months after the date of the Meeting (or such later date as permitted by any waiver or modification to the ASX Listing Rule) and it is intended that allotment will occur on the same date (being the date of settlement of the Acquisition);
- (e) the allottee will be Mr Neil Owen Strydom or his nominee(s);
- (f) the Shares issued will rank equally with Existing Shares on issue and the \$0.05 Options, once converted, will rank equally with the Existing Shares;

- (g) no funds will be raised from the issue of the Shares and \$0.05 Options as they are being issued in part consideration for the acquisition of ICM by the Company from Neil Owen Strydom;
- (h) funds raised from the exercise of the Options will be applied to the working capital requirements of the Company;
- (i) the terms and conditions of the Shares are contained in Annexure A of this Explanatory Statement and the terms and conditions of the Options are contained in Annexure B to this Explanatory Statement;
- (j) a voting exclusion statement is contained in the Notice.

3. RESOLUTION 2 – ACQUISITION OF ISICEBI CARBON MINING (PROPRIETARY) LTD – SECOND TRANCHE CONSIDERATION

3.1 Resolution 2 – Issue of Shares in Connection with the Acquisition of ICM

Pursuant to the Share Sale Agreement, outlined in section 1.3 above, the Company agreed to issue the second tranche of the consideration shares to ICM the earlier of 6 months from the completion date of the agreement or upon ICM completing a positive scoping study in respect of the Waterberg Project.

Resolution 2 is an ordinary resolution. The issue of the Vendors' Shares under Resolution 2 is to be approved by Existing Shareholders under the requirement of Listing Rule 7.1. The provisions of Listing Rule 7.1 are summarised in Section 9.2 of this Explanatory Statement.

3.2 ASX Listing Rule 7.3

The following information is provided in relation to the issue of the Shares pursuant to and in accordance with ASX Listing Rule 7.3:

- (a) the maximum number of securities to be issued is 37,500,000 Shares and 18,750,000 \$0.05 Options;
- (b) the Shares and \$0.05 Options will be issued for nil cash consideration;
- (c) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date as permitted by any waiver or modification to the ASX Listing Rule) and it is intended that allotment will occur on the same date (being the date of settlement of the Acquisition);
- (d) the allottee will be Mr Neil Owen Strydom or his nominee(s);
- (e) the Shares issued will rank equally with Existing Shares on issue and the options issued, once converted, will rank equally with the Existing Shares;
- (f) no funds will be raised from the issue of the Shares as they are being issued in part consideration for the acquisition of ICM by the Company from Neil Owen Strydom;
- (g) funds raised from the exercise of the options will be applied to the working capital requirements of the Company;
- (h) the terms and conditions of the Shares are contained in Annexure A of this Explanatory Statement and the terms and conditions of the Options are contained in Annexure B to this Explanatory Statement;
- (i) a voting exclusion statement is contained in the Notice.

4. RESOLUTION 3 – ISSUE OF SHARES IN CONNECTION WITH THE JOINT VENTURE WITH LUKALE MINING (PROPRIETARY) LIMITED AND UMNOTHO SIZWE GROUP (PTY) LTD

As outlined in Section 1.4, the Company entered into a Joint Venture Agreement with Lukale and Umnotho. Pursuant to the JV Agreement, the Company has

agreed to issue 10,545,222 Shares. Additionally, the Company will issue another 37,557,143 Shares to the shareholders of Lukale to acquire a twenty percent (20%) interest in the Joint Venture. Accordingly a total of 48,102,365 Shares are to be issued pursuant to the Joint Venture Agreement to the shareholders of Lukale.

Resolution 3 seeks approval from shareholders to issue 48,102,365 Shares to the shareholders of Lukale pursuant to Listing Rule 7.1. Resolution 3 is an ordinary resolution and the provisions of Listing Rule 7.1 are summarised in section 9.2 of this Explanatory Statement.

4.1 ASX Listing Rule 7.3

The following information is provided in relation to the issue of Shares pursuant to and in accordance with ASX Listing Rule 7.3:

- (a) the maximum number of securities to be issued is 48,102,365;
- (b) the Shares will be issued no later than three (3) months after the date of the General Meeting;
- (c) the Shares will be issued for nil consideration (as consideration for the acquisition of the interest by ICM in the Waterberg Joint Venture);
- (d) it is intended that the issue of securities will occur on one date;
- (e) the allottees of the security will be entities nominated by the shareholders of Lukale which, at the date of this Notice of Explanatory Statement, is not known; and
- (f) no funds will be raised from the issue of the Shares as they are being issued in part consideration for the acquisition of ICM by the Company from Neil Owen Strydom;
- (g) the terms and conditions of the Shares are contained in Annexure A of this Explanatory Statement and the terms and conditions of the Options are contained in Annexure B to this Explanatory Statement;
- (h) a voting exclusion statement is contained in the Notice.

5. RESOLUTION 4 – APPROVAL TO ISSUE FACILITATION OPTIONS

5.1 Background

As outlined in Section 1.3 the Company entered into the Share Sale Agreement to acquire 100% of the issued capital of ICM. The opportunity to enter into a Share Sale Agreement was introduced to the Company by Ventnor Capital Pty Ltd (**Facilitator**). The Company has agreed with the Facilitator that upon settlement of the Share Sale Agreement that the Company will issue to the Facilitator 10,000,000 \$0.05 Options to the Facilitator (**Facilitator Fee**). The Facilitator Fee is to be issued pursuant to Resolution 3.

5.2 Resolution 4

Resolution 4 is an ordinary resolution and provides for the issue of 10,000,000 \$0.05 Options to the Facilitator. Of the Facilitator's Options to be issued under Resolution 4, it is proposed that 10,000,000 Options will be issued to Ventnor or its nominee.

The issue of the Facilitator Fee under Resolution 4 is to be approved by Existing Shareholders under the requirements of Listing Rule 7.1. A detailed summary of Listing Rule 7.1 is contained in section 9.2 of this Explanatory Statement.

5.3 ASX Listing Rule 7.3

The following information is provided in relation to the issue of the Shares pursuant to and in accordance with ASX Listing Rule 7.3:

- (a) The maximum number of securities to be issued is 10,000,000 \$0.05 Options.
- (b) The \$0.05 Options will be issued no later than 3 months after the date of the General Meeting. It is intended that the \$0.05 Options will be allotted to Ventnor on settlement of the Acquisition.
- (c) The \$0.05 Options will be issued for nil cash consideration (as consideration for the assistance provided by the Facilitator to the Company).
- (d) The allottees will be Great City Corporation Pty Ltd and Riverview Corporation Pty Ltd;
- (e) No funds are raised as a result of the issue of the Shares;
- (f) funds raised upon exercise of the Options will be applied to the working capital requirements of the Company;
- (g) once converted, the Options will rank with the Existing Shares of the Company. The terms and conditions of the Options are contained in Annexure B of this Explanatory Statement.
- (h) a voting exclusion statement is contained in the Notice;

6. RESOLUTION 5 – ISSUE OF OPTIONS TO RELATED PARTY – SCOTT DOUGLAS

As mentioned above the Company disclosed the in Prospectus that the proposed directors of the Company would be issued Options.

Resolution 5 is an ordinary resolution which seeks approval of the issue of Options to Scott Douglas who is a Director of the Company. The issue of Options pursuant to this Resolution is an incentive to future performance of Scott Douglas in his capacity as a Director.

Corporations Act

The issue of the 2,500,000 \$0.05 Options and \$0.07 2,500,000 Options to Mr Douglas may constitute the giving of a financial benefit to a related party, being Mr Douglas.

Section 208 of the Corporations Act prohibits a company from giving a financial benefit to a related party without prior shareholder approval. Section 208 of the Corporations Act is detailed in Section 9.1 of this Explanatory Statement.

The following information is provided in accordance with section 219 of the Corporations Act to enable Shareholders to assess the merits of the Resolution.

(i) The related party to whom the proposed Resolution would permit the financial benefit to be given

Mr Douglas who is a director of the Company.

(ii) The nature of the financial benefit

The nature of the financial benefit is the proposed issue of 2,500,000 \$0.05 Options and 2,500,000 \$0.07 Options.

(iii) Black-Scholes Valuation

It is a requirement of the ASIC that a dollar value be placed on the all of the Options to be issued to Mr Douglas. ASIC has indicated the Black-Scholes option price calculation method is acceptable. This method is designed to value listed securities that are freely tradeable and hence it is not entirely appropriate nor reliable in this instance. Nevertheless, values for the \$0.05 Options and the \$0.07 Options have been estimated using the Black-Scholes method.

In determining these values, the following assumptions have been made:

- a price per Share of \$0.14 being the market price per share as at the date of the valuation;
- the 2,500,000 \$0.05 Options will be exercisable at \$0.05 and 2,500,000 \$0.07 Options will be exercisable at \$0.07;
- the Options expire five (5) years from the date of issue;
- all of the Options are exercisable at any time, but it is assumed that they will be exercised on the last day of their five year exercise period;

- price volatility of Shares is approximately 50%, which reflects the uncertainty regarding the future performance of the Company; and
- the average current risk-free interest rate is 6.45%;
- the valuation date is 16 January 2008.

On the basis of an exercise price of \$0.05 and \$0.07, the implied “value” being received by Mr Douglas is as follows:

Exercise Price	Indicative Value (\$)
\$0.05	\$270,271
\$0.07	\$245,725
Total value	\$515,996

(iv) Directors' recommendations

Mr Douglas declines to make a recommendation in regards to this Resolution as he has a material personal interest in its outcome.

The remaining Directors recommend that Shareholders approve this Resolution.

(v) Directors' interest on outcome of proposed Resolution

Mr Douglas, has a material personal interest in the subject matter of this Resolution.

The remaining Directors do not have a material personal interest in the subject matter of this Resolution.

(vi) Any other information that is reasonably required by the members to make a decision and that is known to the Company or any of its Directors

The Directors (excluding Mr Douglas) resolved to issue the Options contemplated under this Resolution on 17 October 2007. The total implied value of this Options package as at 17 October 2007 was \$89,342.

The \$0.05 Options and \$0.07 Options shall be granted free to Mr Douglas as an incentive to Mr Douglas for future performance.

Mr Douglas currently holds 1,600,000 Shares and 2,500,000 \$0.025 Options and 2,500,000 \$0.06 Options in the Company. If all the Options proposed to be granted to him under this Resolution are exercised and no other Shares are issued in the meantime (including those proposed pursuant to Resolution 7), the number of issued shares would increase by 5,000,000.

If Mr Douglas exercised all Options referred to in this Resolution, and no other Shares were issued by the Company (including Shares pursuant to the exercise of options to acquire shares or options referred to in this document), Mr Douglas would hold 1.6% of the currently issued Shares of the Company which means the issue of the Options to Mr Douglas will have a dilution effect on the Existing Shareholders of the Company by approximately 1.6%. For the purposes of calculating the dilution effect of Shareholders the currently issued securities in the Company do not include

the 40,000,000 Shares issued pursuant to the acquisition of Uranex SA resolved upon in the Annual General Meeting on 28 November 2007.

The terms under which the \$0.05 Options and \$0.07 Options will be issued to Mr Douglas are contained in Annexure B.

In addition to the Options to be issued pursuant to this Resolution the total remuneration package of Mr Douglas is to be an annual salary of \$132,000 exclusive of superannuation (to date Mr Douglas has received a total of \$37,980) commencing from 1 October 2007.

In resolving to issue the securities to Mr Douglas, subject to obtaining Shareholder approval, the Directors (other than Mr Douglas) considered Mr Douglas's experience and skills, the market price of the Shares and the terms and conditions of the Options.

The trading history of the Company's Shares is as follows:

- The lowest price in the past 12 months is \$0.016 on 20 September 2007;
- The highest price in the past 12 months is \$0.18 on 11 January 2008; and
- The most recent closing price prior to the date of this Notice was \$0.125 on 17 January 2008.

For the reasons detailed in section 6(vi) above, the Director's (other than Mr Douglas) consider the issue of Options as incentive to future performance to be an appropriate means of incentive to Mr Douglas.

The purpose of proposed transaction is to provide cost effective consideration to Directors for their ongoing commitment and contribution to the Company in their role as Directors. The Board does not consider that there is any significant opportunity cost to the Company or benefits forgone by the Company in issuing the Options to any of the Directors pursuant to Resolutions 5 and 6, upon the terms proposed and which are considered reasonable in the circumstances, given the necessity to attract the highest calibre of professionals to the Company, whilst maintaining the Company's cash reserves.

6.1 ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires a listed company to obtain shareholder approval prior to the issue of securities to a related party of the Company. Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Shares as approval is being obtained under ASX Listing Rule 10.11. Shareholders should note that the issue of Shares will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

6.2 ASX Listing Rule 10.13

The following information is provided in relation to the issue of \$0.05 Options and \$0.07 Options pursuant to and in accordance with ASX Listing Rule 10.13:

- the maximum number of securities to be issued to Mr Douglas, who is a Director of the Company, is 5,000,000 Options, being 2,500,000 \$0.05 Options and 2,500,000 \$0.07 Options;

- the \$0.05 Options and \$0.07 Options will be issued no later than one (1) month after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules). It is intended that allotment of all the Options will occur on one date;
- the \$0.05 Options and \$0.07 Options will be issued for nil consideration;
- the once exercised the \$0.05 Options and \$0.07 Options will be fully paid ordinary Shares in the capital of the Company and will rank equally with the Company's current issued Shares;
- the terms and conditions of the issue of the \$0.05 Options and \$0.07 Options are set out in Annexure A to this Explanatory Statement; and
- no funds will be raised from the issue of the \$0.05 Options and \$0.07 Options. Once these Options are exercised the funds will be applied to the working capital of the Company.
- A voting exclusion is contained in the Notice.

7. RESOLUTION 6 – ISSUE OF OPTIONS TO RELATED PARTY – MICHAEL HUNT

The Company is seeking approval to issue 3,500,000 \$0.10 Options at an exercise price of \$0.10 and 3,500,000 \$0.15 Options at an exercise price of \$0.10 and \$0.15 respectively to Michael Hunt.

The issue of the \$0.10 Options and \$0.15 Options to Michael Hunt is designed to provide an incentive for Michael Hunt in relation to future performance in his capacity as Director and Chairman of the Company.

Corporations Act

The issue of the \$0.10 Options and \$0.15 Options to Mr Hunt may constitute the giving of a financial benefit to a related party, being Mr Michael Hunt.

Section 208 of the Corporations Act prohibits a company from giving a financial benefit to a related party without prior shareholder approval. Section 208 of the Corporations Act is detailed in Section 9.1 of this Explanatory Statement.

The following information is provided in accordance with section 219 of the Corporations Act to enable Shareholders to assess the merits of the Resolution.

(i) The related party to whom the proposed Resolution would permit the financial benefit to be given

Mr Hunt, who is a director and Chairman of the Company.

(ii) The nature of the financial benefit

The nature of the financial benefit is the proposed issue of 7,000,000 Options. Specifically, 3,500,000 \$0.10 Options at an exercise price of \$0.10 and 3,500,000 \$0.15 Options at an exercise price of \$0.15.

(iii) Black-Scholes Valuation

It is a requirement of the ASIC that a dollar value be placed on the \$0.10 Options and \$0.15 Options to be issued. ASIC has indicated the Black-Scholes option price calculation method is acceptable. This method is designed to value listed securities that are freely tradeable and hence it is not entirely appropriate nor reliable in this instance. Nevertheless, values for the \$0.10 Options and \$0.15 Options have been estimated using the Black-Scholes method.

In determining these values, the following assumptions have been made:

- a price per Share of \$0.14 being the market value of the Shares as at the date of valuation;
- 3,500,000 Options will be exercisable at \$0.10 and 3,500,000 Options will be exercisable at \$0.15;
- the \$0.10 Options and \$0.15 Options expire five (5) years from the date of issue;
- the Options are exercisable at any time, but it is assumed that they will be exercised on the last day of their five year exercise period;

- price volatility of Shares is approximately 50%, which reflects the uncertainty regarding the future performance of the Company; and
- the average current risk-free interest rate is 6.45%;
- the valuation date is 16 January 2008.

On the basis of an exercise price of \$0.10 and \$0.15, the implied "value" being received by Mr Hunt is as follows:

Exercise Price	Indicative Value (\$)
\$0.10	\$301,182
\$0.15	\$379,663
Total value	\$680,845

(iv) Directors' recommendations

Mr Hunt declines to make a recommendation in regards to this Resolution as he has a material personal interest in its outcome.

The remaining Directors recommend that Shareholders approve this Resolution.

(v) Directors' interest on outcome of proposed Resolution

Mr Hunt, has a material personal interest in the subject matter of this Resolution.

The remaining Directors do not have a material personal interest in the subject matter of this Resolution.

(vi) Any other information that is reasonably required by the members to make a decision and that is known to the Company or any of its Directors

The Directors (excluding Mr Hunt) resolved to issue the Options contemplated under this Resolution on 17 October 2007. The total implied value of this Options package as at 17 October 2007 was \$289,406.

The \$0.10 Options and the \$0.15 Options shall be granted free to Mr Hunt as an incentive to Mr Hunt for future performance.

Mr Hunt currently holds 500,000 Shares in the Company. If the Options proposed to be granted to him under this Resolution are exercised and no other Shares are issued in the meantime, the number of issued Shares would increase by 7,000,000.

If Mr Hunt exercised all Options referred to in this Resolution, and no other Shares were issued by the Company (including Shares pursuant to the exercise of options to acquire shares or options referred to in this document), Mr Hunt would hold 1.8% of the currently issued Shares of the Company which means the issue of the Options to Mr Hunt will have a dilution effect on the Existing Shareholders of the Company by approximately 1.8%. For the purposes of calculating the dilution effect of Shareholders the currently issued securities in the Company do not include

the 40,000,000 Shares issued pursuant to the acquisition of Uranex SA resolved upon in the Annual General Meeting on 28 November 2007.

The terms under which the \$0.10 Options and the \$0.15 Options will be issued to Mr Hunt are contained in Annexure B.

In addition to the Options to be issued pursuant to this Resolution the total remuneration package of Mr Hunt is to be an annual salary of \$54,000 exclusive of superannuation (to date Mr Douglas has received a total of \$9,810) commencing from 28 November 2007.

In resolving to issue the securities to Mr Hunt, subject to obtaining Shareholder approval, the Directors (other than Mr Hunt) considered Mr Hunt's experience and skills, the market price of the Shares and the terms and conditions of the Options;

The trading history of the Company's Shares is as follows:

- The lowest price in the past 12 months is \$0.016 on 20 September 2007;
- The highest price in the past 12 months is \$0.18 on 11 January 2008; and
- The most recent closing price prior to the date of this Notice was \$0.125 on 17 January 2008.

For the reasons detailed in section 7(vi) above, the Director's (other than Mr Hunt) consider the issue of Options as incentive to future performance to be an appropriate means of incentive to Mr Hunt.

The purpose of proposed transaction is to provide cost effective consideration to Directors for their ongoing commitment and contribution to the Company in their role as Directors. The Board does not consider that there is any significant opportunity cost to the Company or benefits forgone by the Company in issuing the Options to any of the Directors pursuant to Resolutions 5 and 6, upon the terms proposed and which are considered reasonable in the circumstances, given the necessity to attract the highest calibre of professionals to the Company, whilst maintaining the Company's cash reserves.

7.1 ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires a listed company to obtain shareholder approval prior to the issue of securities to a related party of the Company. Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Shares as approval is being obtained under ASX Listing Rule 10.11. Shareholders should note that the issue of Shares will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

7.2 ASX Listing Rule 10.13

The following information is provided in relation to the issue of Options pursuant to and in accordance with ASX Listing Rule 10.13:

- the maximum number of securities to be issued is 7,000,000 Options, being 3,500,000 \$0.10 Options and 3,500,000 \$0.15 Options;

- the \$0.10 Options and \$0.15 Options will be issued no later than one (1) month after the date of the Annual General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules). It is intended that allotment of the Options will occur on one date;
- the \$0.10 Options and 3,500,000 \$0.15 Options will be issued for nil consideration;
- the once exercised the \$0.10 Options and \$0.15 Options will be fully paid ordinary shares in the capital of the Company and will rank equally with the Company's current issued Shares;
- the terms and conditions of the issue of the \$0.10 Options and \$0.15 Options are set out in Annexure B to this Explanatory Statement; and
- no funds will be raised from the issue of these Options. Once these Options are exercised the funds will be applied to the working capital of the Company;
- a voting exclusion statement is contained in the Notice.

8. RESOLUTION 7 – APPROVAL OF THE COMPANY’S EMPLOYEE SHARE OPTION PLAN

8.1 Summary of Employee Share Option Plan

The Company is proposing to undertake an Employee Share Option Plan (“**Plan**”). The purpose of the Plan is to provide an incentive and reward to the Company’s employees for their contributions in the company, and to retain and attract a high standard of managerial and technical personnel for the Company’s benefit.

The Plan will be administered by the Company’s Board of Directors who may award Options to acquire Shares in the Company to any of the Company’s employees (“**Employees**”).

The key terms and conditions applying to any issue of Options under the Plan include:

- each Option is issued free of consideration;
- each Option entitles the Employee to whom it is issued (“**Option Holder**”) to subscribe for one Share in the Company at a price to be determined by the Board;
- the Options can be exercised in whole or in part at any time up to and including their expiry date (“**Expiry Date**”);
- the Options cannot be transferred or assigned by the Option Holder except to the Option Holder’s spouse or to a company which the Option Holder is the majority beneficial owner of;
- there are no participating rights or entitlements inherent in the Options; and
- Option Holders will not be entitled to participate in any new issue or bonus issue of Shares which may be offered to members of the company prior to the Expiry Date.

Employees do not possess any rights to participate in the Plan, as participation is solely determined by the Board. In any event, Options can not be offered to a Director or any of his or her associates without approval by the Company’s Shareholders in General Meeting.

The Plan is for a term of three (3) years. However, the Plan may be extended for such periods of time not exceeding three (3) years as the Shareholders determine in General Meeting.

No securities have been issued pursuant to the Plan to date.

Approval is being sought pursuant to Listing Rule 7.2, exception 9. A summary of Listing Rule 7.2 is contained in section 9.3 of this Explanatory Statement.

9. REGULATORY REQUIREMENTS

9.1 Section 208 of the Corporations Act

Section 208(1)(a) of the Corporations Act prohibits the Company from giving a financial benefit (including an issue of shares and options) to a related party of the Company without the approval of shareholders by a resolution passed at a general meeting at which no votes are cast in relation to the resolution in respect of any shares held by the related party or by an associate of the related party.

Resolutions 5 and 6 seek Shareholder approval pursuant to section 208 of the Corporations Act.

If all the Options are issued pursuant to the passing of Resolutions 5 and 6 the dilution effect on Existing Shareholders will be 3.4%.

It is necessary pursuant to section 219 of the Corporations Act to provide the following information that pertains to related parties in the Explanatory Statement:

- (a) The related parties to whom the proposed Resolutions would permit financial benefits to be given.
- (b) The nature of the financial benefits to be given.
- (c) ASIC requires that a dollar value be placed on any options to be issued. Accordingly the company has included a Black and Scholes valuation in respect of each of the Options to be issued to related parties.
- (d) Appropriate voting exclusion statements are included in the attached Notice.
- (e) Other than as set out in this Explanatory Statement, there is no further information which the Existing Shareholders would reasonably require in order to decide whether or not it is in the Company's interests to pass Resolutions 5 and 6.
- (f) The Directors recommendations in respect of each of the Resolutions are set out in the Explanatory Statement.

9.2 ASX Listing Rule 7.1

Under Chapter 7 of the Listing Rules there are limitations on the capacity of a company to enlarge its capital by the issue of equity securities without shareholder approval. The limitation is to 15% of a company's capital in any 12 month period.

Listing Rule 7.1 provides that a company must not, without shareholder approval, subject to certain exceptions, issue during any 12 month period any equity securities, or other securities with rights of conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

As the proposed issue of Shares and Options under Resolutions 1 to 7 (inclusive) will result in an issue of more than 15% of the Company's capital in a 12 month period, shareholder approval is required under Listing Rule 7.1 for the issue of Shares under Resolutions 1 to 7 (inclusive). However, pursuant to Listing Rule 7.2, if Listing Rule 10.11 shareholder approval is being sought, approval under Listing Rule 7.1 is not required. Accordingly, as Listing Rule 10.11 shareholder approval is

being sought for Resolution 5 and 6 approval under Listing Rule 7.1 is not required for Resolution 5 and 6.

Approval is being sought pursuant to Listing Rule 7.2, exception 9, an explanation of which is contained below at section 9.3.

Approval is being sought under Listing Rule 7.1 in relation to Resolutions 1, 2, 3 and 4 which are the issue of Shares pursuant to the issue of the Facilitation Fee, the Shareholders Agreement and Joint Venture Agreement.

Following the approval of the issue of these Shares referred to above, the Company will still have the capacity to issue 15% of its expanded share capital over the next 12 months as the Share and Options referred to above, once issued, will be excluded from the calculation under Listing Rule 7.1.

All of these Shares (including any additional Shares issued on the exercise of the Facilitators' Options) will, on issue, rank equally in all respects with the Existing Shares.

9.3 ASX Listing Rule 7.2, exception 9

Listing Rule 7.2 sets out the exceptions to the requirement to obtain shareholder approval for issues of shares pursuant to Listing Rule 7.1 (Listing Rule 7.1 is outlined above at section 9.2). The Company under Resolution 7 is seeking approval of the Company's Employee Share Option Plan. If the Plan is approved by the shareholders, all security issued within three (3) years of that approval are permitted without the need to obtain additional shareholder approval for the issues of securities pursuant to the Plan. The position is different where securities are issued pursuant to the Plan to persons in positions of influence in relation to the Company, in which case such issues of securities require approval from Shareholders pursuant to Listing Rule 10.14.

Pursuant to Listing Rule 7.2, exemption 9, the Company must disregard votes cast by a director of the Company, except one who is ineligible to participate in any employee incentive scheme in relation to the Company.

9.4 ASX Listing Rule 10.11

Chapter 10 of the Listing Rules contains certain provisions in relation to transactions between a company and 'persons in a position of influence'. Listing Rule 10.11 provides that a company must not issue equity securities to a 'related party' without the approval of holders of ordinary securities by ordinary resolution. The term 'related party' is defined for these purposes to include a related party within the meaning of section 228 of the Corporations Act and a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained.

The Company considers the persons named in Section 6 and 7 to be 'persons in a position of influence or related parties, for the purposes of Listing Rule 10.11. Accordingly, the Company is seeking approval in respect of the issue of shares to the persons named in section 6 and 7 in Resolutions 5 and 6.

GLOSSARY

\$0.05 Options means Options in the Company exercisable at \$0.05 each, the terms and conditions of which are contained in Annexure B.

\$0.07 Options means Options in the Company exercisable at \$0.07 each, the terms and conditions of which are contained in Annexure B.

\$0.10 Options means Options in the Company exercisable at \$0.10 each, the terms and conditions of which are contained in Annexure B.

\$0.15 Options means Options in the Company exercisable at \$0.15 each, the terms and conditions of which are contained in Annexure B.

2007 Annual Report means the Company's annual report for the year ended 30 June 2007.

General Meeting or **Meeting** means the extraordinary general meeting convened by the Notice.

ASIC means the Australian Securities and Investment Commission.

ASX means ASX Limited (ABN 98 008 624 691).

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

Board means the board of directors of the Company.

Chairman means Mr Michael Hunt, a director of the Company.

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

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Existing Shares means the 410,493,437 issued fully paid Shares in the Company currently on issue.

Existing Shareholder means the holder of an Existing Share.

Explanatory Statement means the explanatory statement accompanying the Notice.

Notice means the notice of meeting accompanying this Explanatory Statement which was lodged with ASIC on 18 January 2008.

Option means an option to acquire a Share.

Prospectus means the prospectus lodged with the Australian Securities and Investments Commission by the Company 17 July 2007.

R means South African Rands.

Related Party means a party so defined by section 228 of the Corporations Act.

Resolution means a resolution contained in the Notice.

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

Shareholder means a holder of Shares.

Share Sale Agreement means the agreement between the Company and the Shareholders of ICM pursuant to which the Company agreed to acquire 100% of the Shares in ICM, as summarised in Section 2.1 of the Explanatory Statement.

ICM means Isicebi Carbon Mining (Proprietary) Ltd (a company incorporated in South Africa).

Vendor means Neil Owen Strydom.

Ventnor means Ventnor Capital Pty Ltd (ACN 111 543 741).

Waterberg Project means the Koert Louw Zyn Pan, Lisbon and Zoetfontein properties and the prospecting rights granted thereon.

WST means Western Standard Time.

\$ means Australian dollars.

ANNEXURE A

RIGHTS AND LIABILITIES ATTACHING TO SHARES

The rights attaching to the Shares are set out in the constitution of the Company. A broad summary (although not an exhaustive or definitive statement) of the rights and liabilities attaching to the Shares are outlined below.

RANKING OF SHARES

At the date of this Notice all Shares are of the same class and rank equally in all respects.

VOTING RIGHTS

Subject to any special rights or restrictions (at present there are none), at any meeting each member present in person or by proxy has one vote on a show of hands, and on a poll has one vote for each share held.

DIVIDEND RIGHTS

Subject to any special rights (at present there are none), any dividends that may be declared by the Company are payable on all Shares in proportion to the amount paid up.

VARIATION OF RIGHTS

The rights attaching to the Shares may only be varied by the consent in writing of the holders of three-quarters of the Shares, or with the sanction of a special resolution passed at a general meeting.

TRANSFER OF SHARES

Shareholders may transfer Shares by market transfer in accordance with a computerised or electronic system established or recognised by the Listing Rules or the Corporations Act for the purpose of facilitating dealings in Shares including a transfer that may be effected pursuant to the ASX Market Rules or by an instrument in writing in a form approved by the ASX, or in any other usual form or in any form approved by the Directors and as otherwise permitted by the Corporations Act.

The Directors may refuse to register any transfer of Shares other than a market transfer where permitted or required by the Listing rules or ASX Market Rules. The Company must not prevent, delay or interfere with a proper market transfer or the registration of a paper based transfer in registrable form in a manner contrary to the Listing Rules or ASX Market Rules.

GENERAL MEETINGS

Each Shareholder is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be furnished to shareholders under the Company's Constitution, the Corporations Act and Listing Rules.

UNMARKETABLE PARCELS

The Company's Constitution provides for the sale of unmarketable parcels subject to any applicable law and provided a notice is given to the minority shareholders stating that the Company intends to sell their relevant Shares unless an exemption notice is received by a specified date.

RIGHTS ON WINDING UP

If the Company is wound up, the liquidator may, with the sanction of a special resolution;

- divide among the shareholders the whole or any part of the Company's property; and
- decide how the division is to be carried out between the Shareholders.

Subject to any special rights (at present there are none), any surplus assets on a winding up are to be distributed to shareholders in proportion to the number of Shares held by them irrespective of the amounts paid or credited as paid.

1.1 TERMS OF THE \$0.05 OPTIONS

Following Shareholder approval at the General Meeting the Company proposes to issue 5,000,000 \$0.05 Options with an Exercise Price \$0.05 exercisable on or before the date which is 5 years from issue;

The Options were issued on the following terms:

- (a) Each Option will lapse if not exercised on or before the expiry date.
- (b) Each Option shall entitle the holder to subscribe for and to be allotted one share in the capital of the Company upon exercise of the Option and payment to the Company of the Exercise Price.
- (c) An Option may be exercised by the option holder at any time prior to the expiry date by sending a completed and signed notice of exercise, together with the payment of the Exercise Price and the statement for the Option, to the Company's Share Registry. If the option holder holds more than one Option, the Options may be exercised in whole or in part.
- (d) A notice of exercise is only effective when the Company has received the full amount of the Exercise Price in cash or cleared funds.
- (e) Subject to any restrictions in the ASX Listing Rules, within 14 days of receipt of a properly executed notice of exercise and the required application moneys, the number of shares specified in the notice will be allotted.
- (f) Each statement will bear a suitable form of notice of exercise of the Options, endorsed on the back of the statement, for completion by the option holder (if required). If the Options comprised in any such statement are exercised in part only, before the expiry date, the Company will issue the option holder with a fresh statement for the balance of the Options held and not yet exercised.
- (g) The period during which the Options may be exercised will not be extended.
- (h) The option holder is not entitled to participate in new issues of securities offered to shareholders. The option holder can participate in new issues of securities offered to shareholders if the Option is exercised before the relevant record date for that new issue.
- (i) If from time to time before the expiry of the Options the Company makes an issue of Shares to the holders of Shares by way of capitalisation of profits or reserves (a "bonus issue"), other than in lieu of a dividend payment, then upon exercise of an Option the option holder will be entitled to have issued to it, in addition to the Shares which it is otherwise entitled to have issued to it upon such exercise, additional shares in the Company. The number of additional Shares is the number of Shares which would have been issued to it under that bonus issue ("bonus shares") if on the date on which entitlements were calculated it had been registered as the holder of the number of Shares which it would have been registered as holder if immediately before that date it had exercised its Options. The bonus shares will be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the bonus issue and

upon issue will rank equally in all respects with the other Shares allotted upon exercise of the Options.

- (j) In the event of any reconstruction (including consolidation, subdivision, reduction, cancellation or return) of the issued capital of the Company before the expiry of any Options, all rights of the option holder, will be reconstructed (as appropriate) in accordance with the Listing Rules applying to a re-organisation of capital at the time of the re-organisation.
- (k) Shares allotted pursuant to the exercise of the Options will rank equally with the then issued Shares of the Company.
- (l) Should the Company at any time over the life of the Option be readmitted to the ASX and an option holder exercises Options post the readmission date, the Company undertakes to apply for official quotation by ASX of all Shares allotted pursuant to the exercise of any Options, within 10 business days of the date of allotment of those Shares.
- (m) Other than as referred to above, the Option does not confer the right to a change in Exercise Price, or a change to the number of underlying securities over which it can be exercised.

1.2 TERMS OF THE \$0.07 OPTIONS

Following Shareholder approval at the General Meeting the Company proposes to issue 2,500,000 \$0.07 Options with an Exercise Price \$0.07 exercisable on or before the date which is 5 years from issue;

The Options were issued on the following terms:

- (a) Each Option will lapse if not exercised on or before the expiry date.
- (b) Each Option shall entitle the holder to subscribe for and to be allotted one share in the capital of the Company upon exercise of the Option and payment to the Company of the Exercise Price.
- (c) An Option may be exercised by the option holder at any time prior to the expiry date by sending a completed and signed notice of exercise, together with the payment of the Exercise Price and the statement for the Option, to the Company's Share Registry. If the option holder holds more than one Option, the Options may be exercised in whole or in part.
- (d) A notice of exercise is only effective when the Company has received the full amount of the Exercise Price in cash or cleared funds.
- (e) Subject to any restrictions in the ASX Listing Rules, within 14 days of receipt of a properly executed notice of exercise and the required application moneys, the number of shares specified in the notice will be allotted.
- (f) Each statement will bear a suitable form of notice of exercise of the Options, endorsed on the back of the statement, for completion by the option holder (if required). If the Options comprised in any such statement are exercised in part only, before the expiry date, the Company will issue the option holder with a fresh statement for the balance of the Options held and not yet exercised.
- (g) The period during which the Options may be exercised will not be extended.

- (h) The option holder is not entitled to participate in new issues of securities offered to shareholders. The option holder can participate in new issues of securities offered to shareholders if the Option is exercised before the relevant record date for that new issue.
- (i) If from time to time before the expiry of the Options the Company makes an issue of Shares to the holders of Shares by way of capitalisation of profits or reserves (a "bonus issue"), other than in lieu of a dividend payment, then upon exercise of an Option the option holder will be entitled to have issued to it, in addition to the Shares which it is otherwise entitled to have issued to it upon such exercise, additional shares in the Company. The number of additional Shares is the number of Shares which would have been issued to it under that bonus issue ("bonus shares") if on the date on which entitlements were calculated it had been registered as the holder of the number of Shares which it would have been registered as holder if immediately before that date it had exercised its Options. The bonus shares will be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the bonus issue and upon issue will rank equally in all respects with the other Shares allotted upon exercise of the Options.
- (j) In the event of any reconstruction (including consolidation, subdivision, reduction, cancellation or return) of the issued capital of the Company before the expiry of any Options, all rights of the option holder, will be reconstructed (as appropriate) in accordance with the Listing Rules applying to a re-organisation of capital at the time of the re-organisation.
- (k) Shares allotted pursuant to the exercise of the Options will rank equally with the then issued Shares of the Company.
- (l) Should the Company at any time over the life of the Option be readmitted to the ASX and an option holder exercises Options post the readmission date, the Company undertakes to apply for official quotation by ASX of all Shares allotted pursuant to the exercise of any Options, within 10 business days of the date of allotment of those Shares.
- (m) Other than as referred to above, the Option does not confer the right to a change in Exercise Price, or a change to the number of underlying securities over which it can be exercised.

1.2 TERMS OF THE \$0.10 OPTIONS

Following Shareholder approval at the General Meeting the Company proposes to issue 3,500,000 \$0.10 Options with an Exercise Price \$0.10 exercisable on or before the date which is 5 years from issue.

The Options were issued on the following terms:

- (a) Each Option will lapse if not exercised on or before the expiry date.
- (b) Each Option shall entitle the holder to subscribe for and to be allotted one share in the capital of the Company upon exercise of the Option and payment to the Company of the Exercise Price.
- (c) An Option may be exercised by the option holder at any time prior to the expiry date by sending a completed and signed notice of exercise, together with the payment of the Exercise Price and the statement for the

Option, to the Company's Share Registry. If the option holder holds more than one Option, the Options may be exercised in whole or in part.

- (d) A notice of exercise is only effective when the Company has received the full amount of the Exercise Price in cash or cleared funds.
- (e) Subject to any restrictions in the ASX Listing Rules, within 14 days of receipt of a properly executed notice of exercise and the required application moneys, the number of shares specified in the notice will be allotted.
- (f) Each statement will bear a suitable form of notice of exercise of the Options, endorsed on the back of the statement, for completion by the option holder (if required). If the Options comprised in any such statement are exercised in part only, before the expiry date, the Company will issue the option holder with a fresh statement for the balance of the Options held and not yet exercised.
- (g) The period during which the Options may be exercised will not be extended.
- (h) The option holder is not entitled to participate in new issues of securities offered to shareholders. The option holder can participate in new issues of securities offered to shareholders if the Option is exercised before the relevant record date for that new issue.
- (i) If from time to time before the expiry of the Options the Company makes an issue of Shares to the holders of Shares by way of capitalisation of profits or reserves (a "bonus issue"), other than in lieu of a dividend payment, then upon exercise of an Option the option holder will be entitled to have issued to it, in addition to the Shares which it is otherwise entitled to have issued to it upon such exercise, additional shares in the Company. The number of additional Shares is the number of Shares which would have been issued to it under that bonus issue ("bonus shares") if on the date on which entitlements were calculated it had been registered as the holder of the number of Shares which it would have been registered as holder if immediately before that date it had exercised its Options. The bonus shares will be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the bonus issue and upon issue will rank equally in all respects with the other Shares allotted upon exercise of the Options.
- (j) In the event of any reconstruction (including consolidation, subdivision, reduction, cancellation or return) of the issued capital of the Company before the expiry of any Options, all rights of the option holder, will be reconstructed (as appropriate) in accordance with the Listing Rules applying to a re-organisation of capital at the time of the re-organisation.
- (k) Shares allotted pursuant to the exercise of the Options will rank equally with the then issued Shares of the Company.
- (l) Should the Company at any time over the life of the Option be readmitted to the ASX and an option holder exercises Options post the readmission date, the Company undertakes to apply for official quotation by ASX of all Shares allotted pursuant to the exercise of any Options, within 10 business days of the date of allotment of those Shares.

- (m) Other than as referred to above, the Option does not confer the right to a change in Exercise Price, or a change to the number of underlying securities over which it can be exercised.

1.3 TERMS OF THE \$0.15 OPTIONS

Following Shareholder approval at the General Meeting the Company proposes to issue 3,500,000 \$0.15 Options with an Exercise Price \$0.15 exercisable on or before the date which is 5 years from issue.

The Options were issued on the following terms:

- (a) Each Option will lapse if not exercised on or before the expiry date.
- (b) Each Option shall entitle the holder to subscribe for and to be allotted one share in the capital of the Company upon exercise of the Option and payment to the Company of the Exercise Price.
- (c) An Option may be exercised by the option holder at any time prior to the expiry date by sending a completed and signed notice of exercise, together with the payment of the Exercise Price and the statement for the Option, to the Company's Share Registry. If the option holder holds more than one Option, the Options may be exercised in whole or in part.
- (d) A notice of exercise is only effective when the Company has received the full amount of the Exercise Price in cash or cleared funds.
- (e) Subject to any restrictions in the ASX Listing Rules, within 14 days of receipt of a properly executed notice of exercise and the required application moneys, the number of shares specified in the notice will be allotted.
- (f) Each statement will bear a suitable form of notice of exercise of the Options, endorsed on the back of the statement, for completion by the option holder (if required). If the Options comprised in any such statement are exercised in part only, before the expiry date, the Company will issue the option holder with a fresh statement for the balance of the Options held and not yet exercised.
- (g) The period during which the Options may be exercised will not be extended.
- (h) The option holder is not entitled to participate in new issues of securities offered to shareholders. The option holder can participate in new issues of securities offered to shareholders if the Option is exercised before the relevant record date for that new issue.
- (i) If from time to time before the expiry of the Options the Company makes an issue of Shares to the holders of Shares by way of capitalisation of profits or reserves (a "bonus issue"), other than in lieu of a dividend payment, then upon exercise of an Option the option holder will be entitled to have issued to it, in addition to the Shares which it is otherwise entitled to have issued to it upon such exercise, additional shares in the Company. The number of additional Shares is the number of Shares which would have been issued to it under that bonus issue ("bonus shares") if on the date on which entitlements were calculated it had been registered as the holder of the number of Shares which it would have been registered as holder if immediately before that date it had exercised its Options. The bonus shares will be paid up by the Company out of profits or reserves (as the case may

be) in the same manner as was applied in relation to the bonus issue and upon issue will rank equally in all respects with the other Shares allotted upon exercise of the Options.

- (j) In the event of any reconstruction (including consolidation, subdivision, reduction, cancellation or return) of the issued capital of the Company before the expiry of any Options, all rights of the option holder, will be reconstructed (as appropriate) in accordance with the Listing Rules applying to a re-organisation of capital at the time of the re-organisation.
- (k) Shares allotted pursuant to the exercise of the Options will rank equally with the then issued Shares of the Company.
- (l) Should the Company at any time over the life of the Option be readmitted to the ASX and an option holder exercises Options post the readmission date, the Company undertakes to apply for official quotation by ASX of all Shares allotted pursuant to the exercise of any Options, within 10 business days of the date of allotment of those Shares.
- (m) Other than as referred to above, the Option does not confer the right to a change in Exercise Price, or a change to the number of underlying securities over which it can be exercised.

COMDEK LIMITED
ABN 91 059 950 337

INSTRUCTIONS FOR COMPLETING 'APPOINTMENT OF PROXY' FORM

1. A member entitled to attend and vote at a meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the proxy form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - directors of the company;
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a proxy form will not prevent individual shareholders from attending the meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the meeting.
5. Where a proxy form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
6. To vote by proxy, please complete and sign the proxy form enclosed and deliver the proxy form:
 - (a) by hand to the Company's registered office at Level 24, 44 St Georges Terrace, Perth, Western Australia, 6000; or
 - (b) by post to PO Box Z5183, St Georges Terrace, Perth, Western Australia 6831; or
 - (c) fax the proxy form to the Company on facsimile number (61 8) 9218 8875.

so that it is received not later than 11am (Western Standard Time) on 7 March 2008.

Proxy forms received later than this time will be invalid.

