

# **ETHANOL TECHNOLOGIES LIMITED**

ACN 110 226 107

## **NOTICE OF EXTRAORDINARY GENERAL MEETING**

### **EXPLANATORY MEMORANDUM**

**AND**

### **PROXY FORM**

#### **Date of Meeting**

31 March 2010

#### **Time of Meeting**

10:00 AM (Queensland time)

#### **Place of Meeting**

The Knightclub, 38 Herbert Street, Ingham, Queensland

This document contains important information regarding the Extraordinary General Meeting of Ethanol Technologies Limited and should be read in its entirety.

# NOTICE OF EXTRAORDINARY GENERAL MEETING

## Ethanol Technologies Limited ACN 110 226 107

Notice is given that an Extraordinary General Meeting (Meeting) of Ethanol Technologies Limited ACN 110 226 107 will be held at The Knightclub, 38 Herbert Street, Ingham, Queensland on 31 March 2010 and will commence at 10:00am (Queensland time).

The Explanatory Memorandum accompanying this Notice provides additional information on the matters to be considered at the Meeting. The Explanatory Memorandum is intended to be read in conjunction with, and forms part of, this Notice.

Words that are defined in the Explanatory Memorandum have the same meaning when used in this Notice, unless the context requires otherwise.

### Special business

#### Resolution 1 – Amend the Constitution

To consider, and if thought fit, to pass the following resolution as a special resolution:

*That the Constitution be amended to insert a new article 9.13, as set out in the Annexure to this Notice convening the Meeting.*

#### Resolution 2 – Elect Mr Robert Carey as a Representative Director

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

*That if resolution 1 is passed, Mr Robert Carey, a current Director, be appointed as a Representative Director of the Represented Shareholders of the Company pursuant to article 9.13 of the Constitution (as amended pursuant to resolution 1).*

### By order of the Board

Robert M Carey  
Company Secretary  
5 March 2010

## SHAREHOLDER INFORMATION

### HOW TO VOTE

You may vote at the Meeting in person, by proxy or authorised corporate representative.

### VOTING IN PERSON

To vote in person, attend the Meeting on the date and at the time set out in the Notice. The Meeting will commence at 10:00am (Queensland time).

### VOTING BY PROXY

A shareholder who is entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy. A form of appointment of proxy is enclosed with this Notice.

The proxy need not be a member of the Company. A shareholder who is 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. If the appointment does not specify a percentage or number and two proxies are appointed, each may exercise half of the votes to which the shareholder is entitled (in which case any fraction of votes will be disregarded).

All Proxy Forms will need to be lodged with the Company no later than 48 hours before the Meeting (i.e. by 10:00am Queensland time on 29 March 2010). Any proxy form received after this time will not be valid.

If you wish to appoint a proxy and are entitled to do so, then complete the enclosed Proxy Form in accordance with the instructions on it and return it to the Company's share registry by the deadline for lodgement:

- by using the enclosed **reply paid envelope**; or
- by **posting or faxing** the Proxy Form to the Company's share registry as follows:

Link Market Services Limited  
Locked Bag A14  
Sydney NSW 1235  
Australia  
Fax: (02) 9287 0309

Proxies given by corporate shareholders must be executed in accordance with their

constitutions, or signed by a duly authorised attorney. A proxy may decide whether to vote on any motion, except where the proxy is required by law or the company's constitution to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on an item of business, the proxy may vote on that item only in accordance with that direction. If a proxy is not directed how to vote on an item of business, a proxy may vote as he or she thinks fit. If a shareholder appoints the chair of the Meeting as the shareholder's proxy and does not specify how the chair is to vote on an item of business, the chair will vote, as proxy for that shareholder, in favour of the item on a poll.

### VOTING BY CORPORATE REPRESENTATIVES

A corporate shareholder wishing to appoint a person to act as its representative at the Meeting must provide that person with an authority executed in accordance with the company's constitution and the Corporations Act authorising him or her to act as the company's representative. The authority must be sent to the Company or its share registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

### RIGHT TO VOTE

The Board has determined that, for the purposes of the Meeting, shares will be taken to be held by the persons who were the registered holders of those shares at 5.00pm on 30 March 2010. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

## EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of shareholders in relation to the business to be conducted at the Extraordinary General Meeting (Meeting) of the Company to be held at The Knightclub, 38 Herbert Street, Ingham, Queensland on 31 March 2010 at 10:00am (Queensland time). This Explanatory Memorandum should be read in conjunction with the Notice.

A number of words and terms that are used in this Explanatory Memorandum have defined meanings, which are set out in the Glossary.

### Background

In the Company Update issued to shareholders on 5 March 2010 and posted on the Company's website ([www.ethtec.com.au](http://www.ethtec.com.au)), the Company advised of the resolution of the court proceedings involving Willmott Forests, Mr Robert Carey and the Company.

In connection with the court proceedings, Mr Carey informed the Board that he was appointed as a Director of the Company in a representative capacity and that he represents the interests of 49% of the shareholders, being those shareholders other than the major shareholder Willmott Forests. This representation has never been formalised and the Constitution does not recognise Representative Directors.

As a result the Company proposes to amend its Constitution to allow the appointment of Representative Directors and to allow the minority shareholders to vote on the appointment of Mr Carey as their Representative Director.

### Resolution 1

The Directors are proposing that the Constitution be amended by the insertion of a new article 9.13 (as set out in the Annexure to this Notice) to allow the appointment of Representative Directors.

Under the proposed amendment, Representative Directors can be appointed to the Board to represent a shareholder or a group of shareholders (called Represented Shareholders) that owns in aggregate 25% or more of the Company's share capital.

The Represented Shareholders may remove a person as a Representative Director and appoint another person in their place. A Representative Director automatically ceases to hold office as a Director if the Represented Shareholders cease to hold at least 25% of the Company's shares.

Willmott Forests has advised the Board that it intends to vote in favour of resolution 1.

The Directors recommend that shareholders vote in favour of resolution 1.

### Resolution 2

If the amendment to the Constitution is approved under resolution 1, resolution 2 seeks shareholder approval for the appointment of Mr Carey as a Representative Director pursuant to new article 9.13 of the Constitution.

Mr Carey is a current Board member, and being eligible, submits himself for appointment as a Representative Director.

Willmott Forests has advised the Board that it will abstain from voting on resolution 2, so as to allow the minority shareholders to decide if they wish to appoint Mr Carey as their Representative Director.

The Director associated with Willmott Forests, being Mr Ian Bond, does not consider it appropriate to make a recommendation to shareholders about resolution 2 as Willmott Forests will abstain from voting on resolution 2.

Mr Carey does not consider it appropriate to make a recommendation to shareholders about resolution 2 given his interest in the outcome of the resolution.

Dr Reeves recommends that shareholders vote in favour of resolution 2.

## GLOSSARY OF TERMS

In the Notice and Explanatory Memorandum the following words and expressions have the following meanings:

**Board** means the board of Directors of the Company.

**Company** or **Ehttec** means Ethanol Technologies Limited ACN 110 226 107.

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

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

**Directors** means the directors of the Company from time to time, and **Director** means any one of them.

**Explanatory Memorandum** means the explanatory memorandum to the Notice contained in this booklet, including the annexure.

**Extraordinary General Meeting** or **Meeting** means the extraordinary general meeting of the Company to be held on 31 March 2010.

**Notice** means the notice of meeting convening the Meeting.

**Proxy Form** means a proxy form accompanying the Notice.

**Willmott Forests** means Willmott Forests Limited ACN 063 263 650.

## ANNEXURE

### Amendment to the Constitution

The Constitution is amended by inserting the following article 9.13:

#### 9.13 Representative Directors

- (a) A shareholder or group of shareholders that own in aggregate 25% or more of the Company's share capital (**Represented Shareholder/s**) may appoint one Director to represent the Represented Shareholder's interests (**Representative Director**) for each lot of 25% of the Company's share capital owned.
- (b) Each Represented Shareholder that is entitled to appoint a Director to the Board of the Company may by notice to the Company remove any such Director so appointed.
- (c) Subject to paragraph (d), a Represented Shareholder has the sole right to appoint any person to be a Representative Director of the Company in place of that Represented Shareholder's Representative Director by notice to the Company where that Representative Director has ceased to be a Director of the Company for any reason.
- (d) Each Represented Shareholder ceases to be entitled to appoint and remove a Representative Director, and any person who is then a Representative Director appointed by the relevant Represented Shareholder automatically ceases to hold office as Director, if the Represented Shareholder ceases to hold (in aggregate) at least 25% of the issued shares of the Company.
- (e) Notwithstanding any other rule in this constitution, no meeting of the Board is validly convened and no business may be validly conducted by the Board unless each Representative Director for the time being (if any) is present at the relevant meeting.

However, this rule does not apply if the Representative Director is not present at the relevant meeting and the other Directors form the view, acting reasonably, that the Representative Director's absence is due to a desire by the Representative Director or the Represented Shareholders who appointed that Representative Director to frustrate the business of the meeting.