

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting (“AGM”) of the members of Intermoco Limited ACN 006 908 701 (“Intermoco” or “Company”) will be held at **Melbourne Convention Centre Level 2, Foyer 2.3, Room 205 1 Convention Centre Place South Wharf VIC 3006** at **10.00 am Melbourne time** on **25 November 2011**.

BUSINESS

General Business

1. FINANCIAL REPORT

1.1 To consider and receive the annual financial statements, the directors’ report and audit report of the company.

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

“That the Remuneration Report contained in the Directors’ Report be adopted.”

Short explanation

The above documents are contained in the Annual Report. Shareholders who have elected to receive an electronic copy of the Annual Report can download a copy at “<http://www.intermoco.com/investors/investors.html>”. Shareholders who have elected to receive a hard copy of the Annual Report will receive one with this Notice of Meeting.

The Corporations Act 2001 requires listed companies to put to Shareholders at the AGM a non-binding resolution concerning the Remuneration Report which is contained in the Directors’ Report section of the Annual Report.

Shareholders will be given an opportunity to ask questions concerning the Remuneration Report at the AGM.

As stated, the resolution is non-binding.

Voting Exclusion Statement

In accordance with the Corporations Act the Company will exclude votes of Key Management Personnel and their Closely Related Parties. These terms are defined in the Explanatory Memorandum.

2. RETIREMENT OF DIRECTORS BY ROTATION AND BY OPERATION OF CONSTITUTION

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

2.1 *“That having been appointed by the Board during the year and retired pursuant to the Constitution, John Evans be elected as a director.”*

2.2 *“That having been appointed by the Board during the year and retired pursuant to the Constitution, Bob Gestro be elected as a director.”*

2.3 *“That having retired pursuant to the Constitution, Andrew Meehan be re-elected as a director.”*

Short explanation

The Company’s Constitution requires one third of the directors (other than the Managing Director or directors appointed during the year) to retire at each AGM, being the directors longest in office without having retired at an AGM. Directors retiring are eligible for re-election. The Company’s Constitution also requires directors (other than the Managing Director) who are appointed during the year to retire at the first AGM held after their appointment. Retiring directors are eligible for re-election.

John Evans and Bob Gestro were appointed during the year and have offered themselves for re-election. Andrew Meehan retires by rotation and offers himself for re-election.

Details of John Evans, Bob Gestro and Andrew Meehan are contained in the Annual Report.

To be appointed, any of the above directors must receive more votes in favour of the resolution appointing them than against.

Special Business

3. ISSUE OF SECURITIES TO LA JOLLA COVE INVESTORS INC

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

3.1 *“That pursuant to ASX Listing Rules 7.4, the Company hereby ratifies the issue and allotment by the Company of the Convertible Note or fully paid ordinary shares on conversion of that Convertible Note to La Jolla Cove Investors Inc. in the number and on the terms and conditions as described in Section 3 of the Explanatory Memorandum.”*

3.2 *“That pursuant to ASX Listing Rules 7.1, the Company hereby approves the issue and allotment by the Company of the Convertible Note or fully paid ordinary shares on conversion of that Convertible Note to La Jolla Cove Investors Inc. in the number and on the terms and conditions as described in Section 3 of the Explanatory Memorandum.”*

Short explanation

As announced to ASX on 4 October 2011, Intermoco has secured up to \$6,000,000 in funding from La Jolla by way of the Notes. Funding is by way of monthly issue of the Notes. This resolution seeks ratification of the issue of Notes prior to this meeting, and approval to issue Notes and shares following the conversion of those noted by La Jolla for the 3 month period following this meeting for the reasons set out in the Explanatory Memorandum.

Further details of this resolution are set out in the Explanatory Memorandum. Capitalised terms used in this resolution are defined in the Explanatory Memorandum.

Voting Exclusion Statement

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on this resolution by La Jolla, and any associate of La Jolla.

However, the Company need not disregard a vote if it is cast by a person as 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 (and the acknowledgment box on the proxy form in relation to this resolution is marked).

4. ISSUE OF SECURITIES UNDER EMPLOYEE SHARE OPTION PLAN AND DIRECTORS AND EXECUTIVES' OPTION PLAN

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

4.1 *“That pursuant to Exception 9 of ASX Listing Rule 7.2 shareholders approve the issue of options under the Company’s Employee Share Option Plan on the terms and conditions, as set out in the Explanatory Memorandum, as an exception to ASX Listing Rule 7.1.”*

4.2 *“That pursuant to ASX Listing Rule 10.14 and Listing Rule 7.1, shareholders approve the issue of options under the Company’s Directors and Executives’ Option Plan on the terms and conditions and to the persons as set out in the Explanatory Memorandum.”*

Short explanation

Intermoco has established the ESOP and DEOP.

ASX Listing Rule 7.1 requires approval from shareholders for issues of securities in excess of 15% of the issued capital. There are a number of exceptions to this set out in ASX Listing Rule 7.2, including Exception 9. This exception allows the issue of securities pursuant to an employee incentive scheme such as the ESOP where shareholders have approved that issue.

Resolution 4.1 seeks approval for that issue.

ASX Listing Rule 10.14 requires shareholder approval before directors can participate in an employee incentive scheme such as the DEOP. Resolution 4.2 seeks this approval.

Further details of this resolution are set out in the Explanatory Memorandum. Capitalised terms used in this resolution are defined in the Explanatory Memorandum.

Voting Exclusion Statement

The Company will disregard votes cast in respect of resolution 4.1 by:

- (a) Any director of the Company eligible to participate in the ESOP; and
- (b) Any associate of those persons.

However, the Company need not disregard a vote if it is cast by a person as 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 (and the acknowledgment box on the proxy form in relation to this resolution is marked).

The Company will disregard votes cast in respect of resolution 4.2 by:

- (a) Any director of the Company eligible to participate in the DEOP; and
- (b) Any associate of those persons.

However, the Company need not disregard a vote if it is cast by a person as 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 (and the acknowledgment box on the proxy form in relation to this resolution is marked).

5. RATIFICATION OF ISSUE OF SECURITIES

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

“That pursuant to ASX Listing Rule 7.4, the Company approves and ratifies the issue and allotment of the fully paid shares to the entities described in Table 4 of the Explanatory Memorandum.”

Short Explanation

Intermoco has issued a number of Shares to the entities described in Table 4 of the Explanatory Memorandum, on the date set out in that table. Funds raised have been used for the purposes set out in the Explanatory Memorandum.

The Board of Intermoco is allowed to issue up to 15% of its issued capital without Shareholder approval each 12 months. The Shares described above were issued without Shareholder approval and were within this limit. Under the Listing Rules, Intermoco can seek Shareholder ratification of an issue made within the 15% limit, and, if given, the effect of the ratification is to deem that the Shares issues were issued with Shareholder approval, meaning that, from the date of the approval, the Board is again able to issue up to a further 15% of the issued capital without Shareholder approval.

The purpose of this resolution is to seek this ratification.

Further details of both resolutions are set out in the attached Explanatory Memorandum.

Voting Exclusion Statement

The Company will disregard any votes cast on this resolution by the entities described in Table 4 of the Explanatory Memorandum or any associates of those entities.

However, the Company need not disregard a vote if it is cast by a person as 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 (and the acknowledgment box on the proxy form in relation to this resolution is marked).

6. REDUCTION OF CAPITAL

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

“That pursuant to section 256B of the Corporations Act the Company reduce its share capital by reduction of its accumulated losses by \$132,792,632, leaving a balance of accumulated losses of \$nil.”

Short explanation

Section 256B of the Corporations Act allows the Company to reduce its share capital in a way not otherwise authorised by the law with certain provisos including shareholder approval. The Company proposes to reduce its accumulated losses which currently stand at \$132,792,632. Importantly, the proposed reduction does **not** involve a cancellation or reduction of shares on issue and no shareholder is disadvantaged by the proposed reduction, nor is subject to any variation in their economic interest in the Company.

Further details of this resolution are set out in the Explanatory Memorandum.

By order of the Board:



Oliver Carton
Company Secretary
24 October 2011

NOTES

1. A member entitled to attend and vote at the General Meeting is entitled to appoint not more than two proxies to vote instead of the member. A proxy may be a person or a company.
2. A member 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 member appoints two proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise one half of the member's votes.
3. A proxy need not be a member of the Company.
4. The proxy form must be signed by the member or the member's attorney. Proxies given by corporations must be executed under seal or signed under the hand of a duly authorised officer or attorney.
5. To be valid, the enclosed proxy form and the Power of Attorney or other authority (if any) under which it is signed (or a certified copy of it) must be lodged:
 - a) at the offices of Computershare Investor Services Pty Limited, by hand delivery to Yarra Falls, 452 Johnston Street, Abbotsford VIC 3067, by mail to GPO Box 242, Melbourne VIC 3067, or on fax number 1800 783 447 (within Australia), +61 3 9473 2555 (outside Australia);
 - b) Custodian voting - For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions; or
 - c) at the registered office of the Company, 19 Shierlaw Avenue Canterbury VIC 3126 or on fax number (03) 9914 7699.

not later than 48 hours before the time for commencement of the meeting.

6. A person may attend the meeting under an appointment of corporate representative pursuant to section 250D of the Corporations Act (including as representative of a corporate proxy) or Power of Attorney only if a copy of that appointment or Power of Attorney is provided to the Company before the meeting. Documents must be lodged:
 - a) at the offices of Computershare Investor Services Pty Limited, Yarra Falls, 452 Johnston Street, Abbotsford VIC 3067, or on fax number 1800 783 447 (within Australia), +61 3 9473 2555; or
 - b) at the registered office of the Company, 19 Shierlaw Avenue Canterbury VIC 3126 or on fax number (03) 9914 7699

not later than 48 hours before the time for commencement of the meeting.

7. The Directors have determined that, for the purpose of voting at the meeting, Shares will be taken to be held by the registered holders at 7.00pm (AEDT) on 23 November 2011.

EXPLANATORY MEMORANDUM

1. INTRODUCTION

The following information provides a detailed explanation on resolutions 1 to 5 as set out in the Notice of AGM.

2. RESOLUTION 1.2 – REMUNERATION REPORT

The Corporations Act 2001 requires listed companies to put to Shareholders at the AGM a non-binding resolution concerning the Remuneration Report which is contained in the Directors' Report section of the Annual Report.

The Corporations Act also requires the Company to exclude votes cast on the resolution by Key Management Personnel (**KMP**) and their Closely Related Parties. KMP broadly means those persons, including any director (whether executive or otherwise) having authority and responsibility for directly or indirectly planning, directing and controlling the Company's activities. 'Closely Related Parties' is defined as:

- a spouse or child of the KMP;
- a child of the KMP's spouse;
- a dependent of the KMP or the KMP's spouse;
- anyone else who is a member of the KMP's family and may be expected to influence the KMP or be influenced by the KMP, in the KMP's dealing with the entity;
- a company the KMP controls; or
- a person prescribed by the Corporations Regulations.

Because of the way in which the Corporations Act is currently drafted, if you appoint the Chairman (being John Evans) or any other KMP as proxy you must ensure that you tick the box on the proxy form directing the vote of your shares. Failure to tick either box will mean that the proxy cannot vote your shares.

Another important change in relation to adoption of the remuneration report is the ability of shareholders to "spill" the Company's board following "two strikes" against the adoption of the remuneration report at two successive AGMs.

In summary, if at least 25% of the votes cast on the resolution to adopt the remuneration report are voted **against** adopting the remuneration report at the 2011 AGM, and then again at the company's 2012 AGM, the company will be required to put to shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of new directors to the company (**Spill Resolution**).

If more than 50% of shareholders vote in favour of the Spill Resolution, the company must convene the extraordinary general meeting (**Spill Meeting**) within 90 days of the company's 2012 AGM. All of the directors who are in office when the company's 2012 directors' report is approved, other than the managing director, will cease to hold office immediately before the end of the Spill Meeting, but may stand for re-election at the Spill Meeting. Following the Spill Meeting, each person whose election or re-election as a director is approved, will become a director of the company.

3. RESOLUTION 3 – APPROVAL TO ISSUE SHARES TO LA JOLLA

3.1 Summary of Proposal

As announced to ASX on 4 October 2011, Intermoco has secured up to \$6,000,000 in funding from La Jolla Cove Investors Inc (**La Jolla**) by way of convertible notes described below (**Notes**). Funding is by way of monthly issue of Notes. This resolution seeks ratification of the issue of Notes prior to this meeting, and approval to issue Notes and shares following the conversion of those notes by La Jolla for the 3 month period following this meeting.

The Board seeks this resolution because it is allowed to issue up to 15% of its issued capital without Shareholder approval each 12 months. Any securities issued to La Jolla prior to this meeting were issued without Shareholder approval and were within this limit. Under the Listing Rules, Intermoco can seek Shareholder ratification of an issue made within the 15% limit, and, if given, the effect of the ratification is to deem that the securities issued were issued with Shareholder approval, meaning that, from the date of the approval, the Board is again able to issue up to a further 15% of the issued capital without Shareholder approval.

Further, under the Listing Rules the Board is able to seek approval for a proposed issue of securities, provided that issue occurs within 3 months following the approval.

3.2 Terms of Convertible Note Agreement

(a) Introduction

An outline of the rights and liabilities attaching to the Notes and a summary of some of the key terms of the Funding Agreement are provided below.

The Company has agreed to issue three Notes to La Jolla for \$1,500,000 each. The Company also has an option to issue, at its discretion, a fourth Note for \$1,500,000. Under the Funding Agreement, the Company and La Jolla have agreed that the issue of the Notes will be sequential. In each case, the obligation of La Jolla to subscribe for, and the Company to issue, a Note will arise only following the satisfaction of certain conditions.

The payment of the Purchase Price of the first Note will be made by La Jolla in installments, in the following manner:

- i. on the issue date of the first Note (19 October 2011), La Jolla has paid to the Company \$100,000 (“**Initial Payment**”); and
- ii. commencing in the month following the Issue Date, La Jolla will pay to Intermoco, on a date in that month and each subsequent month as selected by La Jolla, an amount of not less than \$100,000 (or such lesser amount that equals the remaining amount of the Purchase Price to be paid by La Jolla on a Note) (“**Monthly Payment**”).

The Company may request that the Monthly Payment for a particular month be increased to an amount of \$125,000, so long as the price of Ordinary Shares on the Business Day immediately prior to the Payment Date is between AU\$0.0041 to AU\$0.006; to \$150,000 so long as the price of Ordinary Shares on the Business Day immediately prior to the Payment Date is equal to AU\$0.0061 to AU\$0.008; and to \$200,000 so long as the price of Ordinary Shares on the Business Day immediately prior to the Payment Date is equal to AU\$0.0081 or higher. La Jolla may, in its discretion, pay to the Company more than the Monthly Payment in respect of any month.

The obligation on La Jolla to make each Monthly Payment is conditional on the satisfaction of certain conditions at the time payment is required to be made under the Funding Agreement.

The Company is precluded under the terms of the Funding Agreement to issue a Note, accept a monthly payment or issue shares on conversion of the Note if such issue or payment will cause the Company to be in breach of ASX Listing Rule 7.1.

The issue of the fourth Note will be at the discretion of the Company. If the Company does not issue the fourth note, then the Funding Agreement will be terminated and La Jolla will be entitled to force the Company to redeem the outstanding principal amount of all other notes still on issue and any interest at a cash price of 110% of the principal amount of the notes or to convert the outstanding principal amount of all other notes still on issue into Shares.

The payment arrangements for the second and third Notes and the fourth Note (if issued) will be on similar terms to the first Note.

(b) Effect of the issue of the first Note on the Company

The first Note issued by the Company will raise up to \$1,500,000 (less the expenses associated with the issue of the Note). The principal effects of the issue of the Note on the Company are:

- i. an initial increase in the Company's cash reserves by \$100,000;
- ii. subject to the terms of the Funding Agreement and satisfaction of the conditions applicable under that agreement with regard to Monthly Payments, an increase in the Company's cash reserves by an additional \$1,400,000 in aggregate by way of Monthly Payments of not less than \$100,000 each;
- iii. the Company assuming a liability for the proceeds received from La Jolla for payment of the Purchase Price of the Note less any amount which has been the subject of a conversion into new Shares, repaid or prepaid (“**Principal Amount**”);
- iv. the Company assuming an obligation to pay interest on the Principal Amount to La Jolla at the rate of 4.75% per annum monthly in arrears; and
- v. if the Note is converted, either in whole or in part, an increase in the number of Shares as a consequence of the issue of new Shares to La Jolla. The number of new Shares to be issued to La Jolla will depend on whether the Note is converted in whole or in part, and the applicable conversion price.

(c) Effect of the issue of the first Note on share structure and conversion price

The issued capital of the Company (immediately before the issue of the first Note) was 2,583,343,788 fully paid ordinary shares. As noted above the number of new shares to be issued to La Jolla will depend on the amount paid under the Note and whether the Note is converted in whole or in part and the applicable conversion price.

The number of new Shares into which the Note may be converted is equal to the Principal Amount that is to be converted (as specified in the “**Conversion Notice**”) divided by the conversion price. The conversion price is equal to the lesser of:

- i. AU\$0.030 (as adjusted for any share splits, dividends, combinations, subdivisions, recapitalisations or the like); and
- ii. 85% of the average of the Volume Weighted Average Price on the last 5 Trading Days on which Shares were traded prior to the issue of a Conversion Notice.

The Company is seeking shareholder ratification of the issue of all Notes that occurred prior to the date of this meeting (being \$100,000 in value), approval to issue all Notes that will occur from the date of this notice of meeting to a date that is 3 months following this meeting (which is up to a further \$700,000 in Notes depending on share price movements in this time), and approval to issue fully paid ordinary shares on conversion of those Notes. The maximum amount of Notes (and resulting shares) that might be issued and that this resolution will approve of is therefore \$800,000.

By way of example if the Company issues \$800,000 in Notes, there are no interim conversions and the conversion price is \$0.003, then the Notes would convert into 266,666,666 shares. Such conversion would give La Jolla a relevant interest of 9.35% in the expanded total number of shares - assuming they have not sold any of the conversion shares already issued.

It is, however, important to note that the further example is an illustration only based on the Note being drawn to \$800,000, full conversion of the Note and the example VWAP referred to above remaining unchanged. The actual outcome, if La Jolla elects to convert the Note in whole or in part, will depend on that election and the Conversion Price. For the purposes of the further example, it should also be noted that the Funding Agreement imposes an ownership limitation of 19.9% of shares in the Company on La Jolla.

(d) Maturity Date

The maturity date of the Note is the date which is 4 years from the issue date.

(e) Conversion Limit

If the conversion of the Note would cause La Jolla's (or anyone else's) voting power in the Company to increase to more than 20%, then the Company shall have the right in its sole and absolute discretion to:

- i. prepay that portion of the Note that La Jolla elected to convert, plus any accrued and unpaid interest; or
- ii. extend the delivery date for the conversion until such conversion will not cause La Jolla to exceed 20% of the voting power or until such relevant approvals are obtained; or
- iii. extend the maturity date for the Note for a period not to exceed 12 months.

(f) Intermoco's repayment right

If on the day La Jolla issues a Conversion Notice, the VWAP is below \$0.002, the Company will have the right, by no later than 3.00pm Melbourne time on the date that is 2 Business Days after the Company's receipt of the Conversion Notice, to prepay that portion of the Principal Amount of the Note that La Jolla has sought to convert pursuant to the Conversion Notice, plus any accrued and unpaid interest, at 105% of such amount.

(g) Mandatory conversion in the 3 months prior to the Maturity Date

The Company may elect to compel La Jolla to convert the Note into new shares. If it does so elect, in each of the 3 months prior to the maturity date, provided there has not been an event of default, La Jolla must convert one-third of the Principal Amount of the Note remaining as at the date which is 3 months prior to the maturity date into new shares in the Company.

(h) Redemption

Unless converted, the Note will be automatically redeemed on the maturity date. In these circumstances, the redemption money payable in respect of the Note must be paid to La Jolla on the maturity date

(i) Reorganisation of capital and adjustment for fundamental corporate change

If the Company, at any time while any Principal Amount of the Note is outstanding, reorganises its issued share capital in any way, the number of new shares issued to La Jolla on conversion of the Note will be adjusted so that La Jolla neither receives a benefit that Members do not receive nor suffers a disadvantage that Members do not suffer.

However, if a "**Fundamental Corporate Change**" (e.g. a merger of The Company, the sale of substantially all of the assets and business of The Company, or the transfer of more than 50% of the Shares to a third party) occurs, then the Company must prepay the Note for 110% of the Principal Amount, together with all accrued and unpaid interest.

(j) Entitlements and rights

The Note will not carry any entitlement to attend or vote at a general meeting of Members nor any entitlement to participate in any future issues of securities by the Company.

The new shares issued and to be issued to La Jolla on the conversion of the Note will rank equally in all respects with all of the existing shares in the Company. The rights attaching to shares in the Company, including the new shares to be issued to La Jolla on the conversion of the Note, are set out in the Constitution of the Company and, in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules and the general law.

3.3 About La Jolla

The Company has sourced the following information from La Jolla. Founded in 1995, La Jolla Cove Investors, Inc. is a private investment firm that has entered into more than \$400 million in financing agreements with publicly traded companies since its inception. The firm has experience with ASX traded companies, partnering with more than a dozen in the past two and a half years across a wide variety of industries. La Jolla seek partnerships with businesses looking for capital to implement their strategic growth initiatives.

3.4 Use of funds raised

The first Note issued by the Company will raise \$1,500,000 (less the expenses associated with the issue of the Note) by the payment by La Jolla of up to 15 monthly instalments of \$100,000. The Company will use the net proceeds from the issue of the first Note and any subsequent Notes for working capital and business expansion purposes.

3.5 Listing Rule requirements for resolution 3

(a) ASX Listing Rule 7.4

Listing Rule 7.4 enables the Company to ratify an issue of securities made without prior Shareholder approval under Listing Rule 7.1 if:

- i. the issue of Shares did not breach Listing Rule 7.1; and
- ii. Shareholders subsequently approve the issue of those securities by the Company.

In general terms, Listing Rule 7.1 allows the Company to issue up to 15% of its issued capital without the need for approval from Shareholders, with some exceptions. Any issue of the Notes to La Jolla which occurred prior to this meeting were not in breach of Listing Rule 7.1.

The Directors seek approval and ratification from Shareholders pursuant to Listing Rule 7.4 for any issue of the Notes to La Jolla made prior to this meeting.

(b) ASX Listing Rule 7.5

ASX Listing Rule 7.5 lists information which must be contained in the Notice of General Meeting and Explanatory Memorandum where Shareholders will consider a resolution pursuant to ASX Listing Rule 7.4. This information is set out below:

- i. The number of securities allotted - Intermoco issued \$100,000 in Notes prior to the date of this Notice of Meeting. Given Intermoco's rights not to convert Notes if the Share price is less than \$0.002, the maximum number of Shares that might be issued if La Jolla converts the Notes is 50,000,000.
- ii. The issue price of the securities - each Note has a face value of \$1,500,000 payable in minimum instalments of \$100,000.
- iii. The names of the allottees - La Jolla Cove Investors Inc.
- iv. The terms of the securities - The terms of the Notes are set out in paragraph 3.2. Shares issued on conversion of the notes are fully paid ordinary shares in the Company and rank pari passu with other fully paid ordinary shares on issue.
- v. The use or intended use of the funds raised - see paragraph 3.4.
- vi. A voting exclusion statement - This information is set out in the Notice of Meeting.

(c) ASX Listing Rule 7.3

As stated above ASX Listing Rule 7.1 allows shareholders to approve an issue of securities in the future. ASX Listing Rule 7.3 requires the Notice of Meeting and Explanatory Memorandum for a general meeting at which shareholders are required to consider a resolution pursuant to ASX Listing Rule 7.1 to include certain specified information in relation to the equity securities proposed to be issued. This information is set out below:

- i. The maximum number of securities to be issued - \$800,000 Notes which may be converted into fully paid ordinary shares using the formula set out in paragraph 3.2. Given Intermoco's rights not to convert Notes if the Share price is less than \$0.002, the maximum number of Shares that might be issued if La Jolla converts the Notes is 400,000,000.
- ii. The date by which the securities will be issued - the securities must be issued within 3 months after the date of this meeting.
- iii. The issue price of the securities - this information is set out in paragraph 3.2. Shares issued on conversion of the notes are issued for the same value.
- iv. The names of the allottees (if known) or the basis upon which the allottees will be determined - La Jolla Cove Investors Inc.
- v. The terms of the securities - The terms of the Notes are set out in paragraph 3.2. Shares issued on conversion of the notes are fully paid ordinary shares in the Company and rank pari passu with other fully paid ordinary shares on issue.
- vi. The intended use of the funds - see paragraph 3.4
- vii. The dates of allotment or a statement that allotment will occur progressively - Notes will be issued on a monthly basis on the terms set out in paragraph 3.2. Notes can be converted into shares at any time within 3 months of the date of this meeting at the discretion of La Jolla.
- viii. A voting exclusion statement - this information is provided in the Notice of Meeting.

4. RESOLUTION 4 - ISSUE OF SECURITIES UNDER EMPLOYEE SHARE OPTION PLAN AND DIRECTORS AND EXECUTIVES' OPTION PLAN

4.1 ESOP

The Company has established an Employee Share Option Plan (**ESOP**).

(a) Objectives

The objectives of the ESOP are to:

- i. establish a method by which Eligible Persons can participate in the future growth and profitability of the Company;
- ii. provide an incentive and reward for Eligible Persons for their contributions to the Company and the Group; and
- iii. attract and retain a high standard of managerial and technical personnel for the benefit of the Company and the Group.

The ESOP has been designed for employees, and Eligible Person is defined as a full or part time employee of the Group but does not include a director of the Group. Options may not be offered to Directors or their associates except where approval is given by the Shareholders of the Company in general meeting in accordance with the requirements of the Listing Rules.

(b) Terms

In summary, the terms of the ESOP are as follows:

- i. The Board cannot make an offer under the ESOP if the options offered (when converted into shares) together with all other options offered under the ESOP or any other Employee Securities Plan offered by the Company during the last five years, would exceed 5% of the total number of issued shares in the Company as at the time of the proposed offer or issue, but disregarding any offer made, Option acquired or share issued by way of or as a result of:
 - an offer that did not need disclosure to investors because of section 708 of the Corporations Act;
 - an offer to a person situated at the time of receipt of the offer outside Australia; or
 - an offer made under a prospectus or other disclosure document.
- ii. The Plan must be open on the same terms to at least 75% of the permanent employees of the Group who have completed at least 3 years of service (whether continuous or non continuous) with the Group.
- iii. The Company will pay all expenses, costs and charges in relation to the establishment and operation of the Plan, including all costs incurred in or associated with:
 - an issue of Options; and
 - any issue of Shares pursuant to the exercise of any Options (except the Exercise Price), granted to Participants under the Plan.
- iv. Options must not be offered under this Plan in a manner that would contravene the Corporations Act, the Listing Rules or the constitution of the Company and may be offered on any additional terms as the Board considers appropriate (not being inconsistent with the ESOP Rules).
- v. The initial duration of the Plan shall be for 3 years.
- vi. The Options will not be listed.
- vii. A Participant must not transfer, sell or otherwise dispose of any Option or any Share acquired under this Plan while they are Restricted Options. An Option or a Share acquired by a Participant under the Plan will be a Restricted Option until the earlier of:
 - the end of the period of 3 years (or any other period that the Board decides, having regard to the taxation implications) commencing on the time the Participant acquired the Option; and
 - the time when the Participant ceases to be an employee.

(c) ASX Listing Rule 7.2 Exception 9

ASX Listing Rule 7.2 Exception 9 allows securities to be issued under the ESOP to be an exception to the limitation on issuing securities in ASX Listing Rule 7.1 referred to above provided shareholder have approved issues under the ESOP. The meeting document seeking shareholder approval must contain:

- i. A summary of the terms of the scheme – see paragraph 4.1.
- ii. The number of securities issued under the scheme since the date of the last approval – as this is the first approval no securities have been issued under the ESOP since the last approval.
- iii. A voting exclusion statement – this is set out in the Notice of Meeting

4.2 DEOP

The Company has established the directors and Executives Options Plan (**DEOP**). It is proposed to issue options under the DEOP (**the Options**) to the directors as set out in Table 1.

(a) Objectives

The objectives of the DEOP are to:

- i. establish a method by which Eligible Persons can participate in the future growth and profitability of the Company;
- ii. provide an incentive and reward for Eligible Persons for their contributions to the Company and the Group; and
- iii. attract and retain a high standard of managerial and technical personnel for the benefit of the Company and the Group.

Eligible Persons are defined as an executive or director of the Company. The terms of the DEOP were considered by the Remuneration Committee of the Company, in conjunction with external legal advice, and the options proposed to be granted, and their grant conditions, were also determined by the Remuneration Committee.

(b) Terms of the DEOP

The terms of the DEOP in summary are as follows:

- i. The Board cannot make an offer under the DEOP if the options offered (when converted into shares) together with all other options offered under the DEOP or any other securities Plan of the Company during the last five years, would exceed 5% of the total number of issued shares in the Company as at the time of the proposed offer or issue, but disregarding any offer made, Option acquired or share issued by way of or as a result of:
 - an offer that did not need disclosure to investors because of section 708 of the Corporations Act;
 - an offer to a person situated at the time of receipt of the offer outside Australia; or
 - an offer made under a prospectus or other disclosure document.
- ii. The Company will pay all expenses, costs and charges in relation to the establishment and operation of the Plan, including all costs incurred in or associated with:
 - an issue of Options; and
 - any issue of Shares pursuant to the exercise of any Options (except the Exercise Price), granted to Participants under the Plan.
- iii. Options must not be offered under this Plan in a manner that would contravene the Corporations Act, the Listing Rules or the constitution of the Company and may be offered on any additional terms as the Board considers appropriate (not being inconsistent with the ESOP Rules).
- iv. The initial duration of the Plan shall be for 3 years.
- v. The Options will not be listed.
- vi. A Participant must not transfer, sell or otherwise dispose of any Option or any Share acquired under this Plan without Board approval, and cannot grant a security over any Option.

(c) Terms of proposed issue of options

The Company proposes to issue 4 year call options exercisable at 1 cent per Option to the following persons.

Table 1

Recipient	No of options	Valuation (\$)
Ian Kiddle	5,000,000	500
Andrew Meehan	3,500,000	350
Brendt Henricus	2,500,000	250
John Evans	1,000,000	100
Bob Gestro	1,000,000	100
Simon Kemp	1,000,000	100

Apart from Mr Henricus, the background of each of the persons listed above is contained in the Directors Report section of the Annual Report. Mr Henricus was recently appointed Chief Financial Officer of the organisation and has extensive financial and global commercial experience in senior executive roles spanning over twelve years. He will play an important role in the growth and development of the Company's business. For further information about Mr Henricus please refer to the announcement concerning his appointment lodged on 6 September 2011.

It is proposed to issue options to the above persons annually over three years however this resolution seeks approval for the first year issue only. The issue of the second and third year tranches will require separate shareholder approval and this will be sought at later meetings.

(d) Valuation of Options

The Company has carried out a valuation of the Options which valued each option at \$0.0001, and this information appears in Table 1. Note that the valuation may alter, as it is only on the day of issue of the options, if approved, that the precise valuation can be confirmed. Barring any significant movements in the Company's share price leading up to the issue of the options, the valuation is not expected to vary materially. The methodology used was the Black & Scholes method and inputs used to carry out the valuation are as follows.

Strike price	\$0.01
Share price	\$0.002
Time in days	1,460
Volatility rate	48.037
Risk free interest rate	3.8%

(e) Other information

The Recipient's current interest in securities is as follows:

Table 2

	Ordinary shares	Options over ordinary shares
Recipient	28,222,223	-
Andrew Meehan	33,222,223	-
John Evans	9,133,333	-
Bob Gestro	103,666,401	-
Simon Kemp	9,688,889	-
Brendt Henricus	-	0

As there are approximately 2.58 billion shares on issue, the proposed issue of Options is not considered dilutive and will not result in any Recipient becoming a substantial shareholder of the Company.

The remuneration of the Recipients other than Mr Henricus, as disclosed in the 2011 Annual Report, is set out in Table 3. Mr Henricus has recently joined the Company and was not an executive in FY2011.

Table 3

	Short-term employee benefits			Post-Employment Benefits	Share-based Payments		Total
	Cash salary and fees	Cash bonus	Non-monetary benefits	Super Contributions	Shares	Options	
	\$	\$	\$	\$	\$	\$	\$
Directors:							
Mr John Evans	10,090	-	-	908	-	-	10,998
Mr Robert Gestro	6,667	-	-	-	-	-	6,667
Mr Ian Kiddle	243,723	-	30,364	-	80,000	-	354,087
Mr Simon Kemp	54,359	-	-	-	-	-	54,359
Mr Andrew Meehan	247,500	-	27,913	-	80,000	-	327,500

Note that the Shares shown above, issued to Messrs Kiddle and Meehan, were in relation to remuneration for the previous (2009/10) year, and were issued following shareholder approval at the 2010 AGM. No further remuneration-related shares have been issued or are proposed.

(f) Director recommendation

The Directors decline to make a recommendation to shareholders as they are the proposed recipients of the Options.

4.3 Listing Rule requirements for resolution 4

(a) ASX Listing Rule 10.14

ASX Listing Rule 10.14 requires shareholder approval before a Director can participate in a Securities Scheme such as the DEOP. The meeting document seeking shareholder approval must set out the following information:

- i. The maximum number of securities that may be acquired by all persons for whom approval is required, including the formula (if one is used) for calculating the number of securities to be issued – see Table 1.
- ii. The price (including a statement whether the price will be, or be based on, the market price), or the formula for calculating the price, for each security to be acquired under the scheme – see paragraph 4.2(c).
- iii. The names of all persons referred to in rule 10.14 who received securities under the scheme since the last approval, the number of the securities received, and acquisition price for each security – this is the first approval sought for the DEOP, therefore no persons have received securities under it.
- iv. The names of all persons referred to in rule 10.14 entitled to participate in the scheme - see Table 1.
- v. A voting exclusion statement – this is contained in the Notice of Meeting.
- vi. The terms of any loan in relation to the acquisition – there are no loans in relation to the acquisition.
- vii. The date by which the entity will issue the securities, which must be no later than 12 months after the meeting – DEOP Options will be issued within 12 months of the meeting.

(b) ASX Listing Rule 7.3

The purpose and requirements of ASX Listing Rule 7.3 are set out in paragraph 3.5(c). Information required to be included in this Explanatory Memorandum by Listing Rule 7.3, unless already included in paragraph 4.3(a), is as follows:

- i. The maximum number of securities to be issued – see Table 1.
- ii. The date by which the securities will be issued - DEOP Options will be issued within 12 months of the meeting.
- iii. The issue price of the securities – see paragraph 4.2(c).
- iv. The names of the allottees (if known) or the basis upon which the allottees will be determined – see Table 1.
- v. The terms of the securities - the terms of the Options are set out in paragraph 4.2(c). Shares issued on conversion of the DEOP Options are fully paid ordinary shares in the Company and rank pari passu with other fully paid ordinary shares on issue.
- vi. The intended use of the funds - no funds will be raised by the issue of the Options.
- vii. The dates of allotment or a statement that allotment will occur progressively - DEOP Options will be issued within 12 months of the meeting.
- viii. A voting exclusion statement - this information is provided in the Notice of Meeting.

5. RESOLUTION 5 – RATIFICATION OF ISSUE OF SECURITIES

5.1 Summary of proposal

Intermoco has placed 43,939,393 shares to the investors set out in Table 4 at 0.33 cents announced to the market on 19 August 2011 (“Placement”).

Table 4

Placee	Amount (\$)	No of Shares
Eyeon No. 2 Pty Ltd.	100,000	30,303,030
Quentin Olde	25,000	7,575,757
Coverage PR Pty Ltd <Coverage PR S/F A/C>	15,000	4,545,454
Coverage PR Pty Ltd	5,000	1,515,152
Total	145,000	43,939,393

5.2 Purposes of Placement

Funds raised from the Shares issued under Table 4 were used for working capital purposes, including in relation to capital requirements for roll-out of new embedded networks.

5.3 Listing Rule requirements for resolution 5

(a) ASX Listing Rule 7.4

As stated above Listing Rule 7.4 enables the Company to ratify an issue of Shares made without prior Shareholder approval under Listing Rule 7.1 if:

- i. the issue of Shares did not breach Listing Rule 7.1; and
- ii. Shareholders subsequently approve the issue of those Shares by the Company.

In general terms, Listing Rule 7.1 allows the Company to issue up to 15% of its issued capital without the need for approval from Shareholders, with some exceptions. The issue of the Shares set out in Table 2 were not in breach of Listing Rule 7.1.

The Directors seek approval and ratification from Shareholders pursuant to Listing Rule 7.4 for the issue of the Shares set out in Table 4.

(b) ASX Listing Rule 7.5

ASX Listing Rule 7.5 lists information which must be contained in the Notice of General Meeting and Explanatory Memorandum where Shareholders will consider a resolution pursuant to ASX Listing Rule 7.4. This information is set out below:

- i. The number of securities allotted: *See Table 4.*
- ii. The issue price of the securities: *See Table 4.*
- iii. The names of the allottees: *See Table 4.*
- iv. The terms of the securities: *The Shares are fully paid ordinary shares in the Company and rank pari passu with other fully paid ordinary shares on issue.*
- v. The use or intended use of the funds raised: *see paragraph 5.2.*
- vi. A voting exclusion statement: *This information is set out in the Notice of Meeting.*

6. REDUCTION OF CAPITAL

Resolution 6 seeks Shareholder approval to reduce the share capital of the Company pursuant to sections 256B of the Corporations Act by the accumulated losses of the Company, in the amount of \$132,792,632.

The purpose of the reduction of capital is to reduce the amount of capital on issue where the value has been lost or is not represented by available assets, provided that the Company does not cancel any Shares.

The Company proposes to effect a reduction of Capital by debiting the Company's share capital account by the amount of the Company's accumulated losses. Under this reduction of capital the Company will not be returning any capital to Shareholders or cancelling any Shares. It will essentially be an accounting entry which will take immediate effect from the passing of Resolution 6.

The reduction of capital does not and will not materially prejudice the Company's ability to pay any creditors, has no direct negative impact on Shareholders (or their shareholding), is not selective between Shareholders and will not affect the number of fully paid shares on issue in the Company. The Company does not have any partly paid shares or options on issue which may be affected by the reduction of capital. The proposed reduction is therefore fair and reasonable to the Company's shareholders as a whole.

For personal use only

Lodge your vote:



By Mail:

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

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

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

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

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

Proxy Form

For your vote to be effective it must be received by 10:00am Wednesday 23 November 2011

How to Vote on Items of Business

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

Appointment of Proxy

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

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

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

A proxy need not be a securityholder of the Company.

Signing Instructions

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

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

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

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

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

Turn over to complete the form →



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

www.investorcentre.com

- Review your securityholding
- Update your securityholding

Your secure access information is:

SRN/HIN: I999999999



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

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

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



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

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

the Chairman of the Meeting OR

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Intermoco Limited to be held at Melbourne Convention Centre Level 2, Foyer 2.3, Room 205 1 Convention Centre Place, South Wharf VIC 3006 on Friday, 25 November 2011 at 10:00am and at any adjournment of that meeting. The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business other than in respect of Item 1.2, where the company has determined that the Chairman is unable to do so. If the Chairman of the Meeting is your proxy (or becomes your proxy by default), you authorise the Chairman to exercise your proxy on Items 4 and 5 even though these items are connected directly or indirectly with the remuneration of a member of key management personnel. For Items 4 and 5, this authority is also subject to you marking the box in the section below.

Important for Items 4.2 and 5: If the Chairman of the Meeting is your proxy and you have not directed the Chairman how to vote on Items 4.2 and 5 below, please mark the box in this section. If you do not mark this box and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Items 4.2 and 5 and your votes will not be counted in computing the required majority if a poll is called on this item. The Chairman of the Meeting intends to vote undirected proxies in favour of Items 4.2 and 5 of business.

I/We acknowledge that the Chairman of the Meeting may exercise my proxy even if the Chairman has an interest in the outcome of these items and that votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest.

STEP 2 Items of Business

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

	For	Against	Abstain
Item 1.2 Remuneration Report: (if you have appointed the Chairman as your proxy you must tick a box for your vote to count)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2.1 Election of John Evans as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2.2 Election of Bob Gestro as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2.3 Re-election of Andrew Meehan as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Issue of securities to La Jolla Cove Investors Inc	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4.1 Issue of securities under ESOP	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4.2 Issue of securities under DEOP	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5 Ratification of Issue of securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 6 Reduction of Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /

I N T

9 9 9 9 9 9 A

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

Dear Securityholder,

We have been trying to contact you in connection with your securityholding in Intermoco Limited. Unfortunately, our correspondence has been returned to us marked "Unknown at the current address". For security reasons we have flagged this against your securityholding which will exclude you from future mailings, other than notices of meeting.

Please note if you have previously elected to receive a hard copy Annual Report (including the financial report, directors' report and auditor's report) the dispatch of that report to you has been suspended but will be resumed on receipt of instructions from you to do so.

We value you as a securityholder and request that you supply your current address so that we can keep you informed about our Company. Where the correspondence has been returned to us in error we request that you advise us of this so that we may correct our records.

You are requested to include the following;

- > Securityholder Reference Number (SRN);
- > ASX trading code;
- > Name of company in which security is held;
- > Old address; and
- > New address.

Please ensure that the notification is signed by all holders and forwarded to our Share Registry at:

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne Victoria 3001
Australia

Note: If your holding is sponsored within the CHESS environment you need to advise your sponsoring participant (in most cases this would be your broker) of your change of address so that your records with CHESS are also updated.

Yours sincerely

Intermoco Limited

