

7 December 2006

NSX Code: JAB  
Listing Date: 6<sup>th</sup> Sept 2005

The Manager  
Company Announcements  
The Stock Exchange of Newcastle Limited  
384 Hunter Street,  
Newcastle, Australia

Dear Sir

**Re: VentureAcess Capital Limited Offer and Jab Technologies Limited Return of Capital**

**1. VentureAcess Capital Limited Offer:**

VentureAcess Capital Limited (**VAC**) lodged a Replacement Bidder's Statement with ASIC dated 17<sup>th</sup> November 2006 pursuant to which it offered to acquire all the shares and options in JAB Technologies Limited (**JAB**) under the terms and conditions as set out in the VAC Bidder's Statement (**Offer**). With respect to the Offer by VAC, JAB advises as follows:

- As required under section 633(1) Item 13 of the Corporations Act, JAB has lodged a Target's Statement in response to the VAC Bidder's Statement, today (20<sup>th</sup> December 2006), with the Australian Securities and Investments Commission (ASIC).
- Additionally, as required under section 633(1) Item 11 Part 6.5 of the Corporations Act, JAB has sent a copy of the Target's Statement to VAC today.
- As required under section 633(1) Item 14 of the Corporations Act, a copy of the Target's Statement is attached to this announcement.
- A copy of the Target's Statement of JAB will be mailed to all holders of shares and options in JAB in accordance with section 633(1) Item 12 of the Corporations Act and can also be viewed on the Company's website [www.jabtechnologies.com.au](http://www.jabtechnologies.com.au).

In the Target's Statement, JAB advises that the Company's directors unanimously recommend that JAB shareholders accept the VAC offer, in the absence of any other superior offer for all of the shares and options in JAB. Additionally, in the Target's Statement, JAB advises that in the absence of a superior offer to the Offer, each Director of JAB, by whom or on whose behalf JAB Shares and JAB Options are held, intends to accept the Offer in respect of those JAB Shares and JAB Options.

**2. Proposed Capital Reduction**

JAB received shareholder approval at its recent Annual General Meeting for it to carry on mining exploration and development activities in addition to its current technology activities. As a result, JAB Resources has been incorporated as a wholly owned subsidiary of JAB.

The Directors of JAB have proposed an in specie distribution of shares in JAB Resources to JAB shareholders as registered on 2<sup>nd</sup> January 2007. To this end a shareholders meeting has been convened to be held on 25<sup>th</sup> January 2007.

However, the shareholders meeting to approve the in specie distribution will not be held until after the closing date of the Offer set out in the Bidder's Statement (being the latest date on which the JAB Shareholders and JAB Optionholders may accept the Offer), and hence at the time of the meeting VAC may well hold or be entitled to hold and/or vote many or most of the shares in JAB. JAB advises that VAC has executed a Deed Poll dated 14<sup>th</sup> December 2006 whereby it has undertaken to vote in favour of the in specie distribution of JAB Resources shares on a 1 for 1 basis to the JAB shareholders as registered on 2<sup>nd</sup> January 2007.

A copy of the meeting notice is attached and will be mailed to shareholders. A copy of the meeting notice can be viewed on [www.jabtechnologies.com.au](http://www.jabtechnologies.com.au)

JAB Resources has recently lodged applications for exploration licences in Albania and believes that the areas applied for are available, that JAB Resources has priority under its applications, and that the applications should be granted inside 3 months.

### 3. The benefit to JAB shareholders:

If the in specie distribution is approved, JAB Shareholders will receive shares in a new resource company, JAB Resources. Additionally, if JAB Shareholders accept the Offer (subject to the terms and conditions of the Offer set out in the Bidder's Statement), the consideration they will receive will be shares in VAC.

Whilst no guarantee can be given that either VAC or JAB Resources will be successful in achieving a stock exchange listing, the stated intentions of both VAC (as disclosed in the Bidders Statement and Offer Information Statement) and JAB Resources is to pursue such listings.

If the VAC Offer is successful and the in specie distribution is approved by shareholders and both VAC and JAB Resources are ultimately successful in achieving listings on the ASX, then the JAB Shareholders who accept the Offer will hold shares in two listed entities rather than just one; and in addition the JAB Optionholders who accept the Offer will hold listed options in an ASX listed company

Yours faithfully

**JAB TECHNOLOGIES LIMITED**



Rob Murdoch  
Executive Chairman



**TARGET STATEMENT**  
**JAB TECHNOLOGIES LIMITED**  
**ABN 42 087 426 953**

**THIS DOCUMENT CONTAINS IMPORTANT INFORMATION AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in doubt about how to deal with this document, you should consult your legal, financial or other professional adviser immediately.

## **IMPORTANT NOTICES**

This Target's Statement is dated 20<sup>th</sup> December 2006 and is given under Part 6.5 of the *Corporations Act* by JAB TECHNOLOGIES LIMITED ABN 42 087 426 953 (**JAB**) in response to the Bidder's Replacement Bidder Statement by VentureAcess Capital Limited ABN 30 085 039 818 (**VAC**) dated 17<sup>th</sup> November 2006.

You should read the Target's Statement in its entirety.

### **Australian Securities and Investments Commission**

A copy of this Target's Statement was lodged with the Australian Securities and Investments Commission on 20<sup>th</sup> December 2006. Neither ASIC nor any of its officers takes any responsibility for the content of this Target Statement.

### **Investment Decision**

This Target Statement does not take into account the individual investment objectives, financial situation and particular needs of each JAB Shareholder and JAB Optionholder. You may wish to seek independent financial and taxation advice before making a decision as to whether or not to accept the Offer for your JAB Shares or JAB Options.

### **Defined Terms**

Terms used in this Target's Statement are defined in Section 1 below.

### **Information line and website**

If you have any questions in relation to the Offer or this document, please call Rob Murdoch Executive Chairman JAB Technologies Limited 07 38333833 or + 61 7 38333833 (for callers outside Australia). In accordance with legal requirements, calls to these numbers will be recorded. Further information relating to the Offer can also be obtained from JAB's website on [www.jabtechnologies.com.au](http://www.jabtechnologies.com.au).

### **Forward Looking Statements**

This Target's Statement contains forward looking statements. Such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industry in which JAB is involved as well as general economic conditions and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and such deviations are both normal and to be expected. None of JAB, any of its officers, or any person named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement makes any representation or warranty (either expressed or implied) as to the accuracy or likelihood in any forward looking statement, and you should not place undue reliance on these statements.

Forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement.

## 1. INTERPRETATION

### 1.1 In this Statement unless the contrary intention appears the following words have the following meanings:

**ASIC** means Australian Securities and Investments Commission;

**Bidder's Statement** means that Replacement Bidder's Statement dated 17<sup>th</sup> November 2006 given by VAC to JAB on 17<sup>th</sup> November 2006 in accordance with the provisions of Part 6.5 of the *Corporations Act*;

**Capital Return** means the proposed return of capital to shareholders of JAB on the Register of Members of JAB as at 2<sup>nd</sup> January 2007 by way of an in specie distribution of approximately 14,862,911 JAB Resources Shares;

**Corporations Act** means the *Corporations Act 2001 (Cwlth)*;

**Directors** means the directors of JAB;

**JAB** means JAB Technologies Limited, a company duly incorporated in the State of Queensland and having its registered office at Level 6 200 Creek Street, Brisbane, Queensland;

**JAB Resources** means JAB Resources Pty Ltd ACN 122 669 256;

**JAB Options** means all of the options granted over unissued Shares;

**JAB Resources Shares** means all of the fully paid ordinary shares in the issued capital of JAB Resources;

**JAB Shares** means all of the fully paid ordinary shares in the issued capital of JAB;

**JAB Shareholder** means a holder of JAB Shares;

**JAB Optionholder** means a holder of JAB Options;

**Listing Rules** means the Listing Rules of the NSX;

**NSX** means Stock Exchange of Newcastle Limited ACN 009 851 653;

**Offer** means the off market offers referred to in the Bidder's Statement and made by VAC to the holders of JAB Shares and JAB Options to acquire all of the JAB Shares and all of the JAB Options;

**Offer Information Statement** means the Replacement Offer Information Statement lodged by VAC with ASIC on 17<sup>th</sup> November 2006;

**Offer Period** means the period commencing on 1<sup>st</sup> December 2006 and ending on 3<sup>rd</sup> January 2007 or such later date to which the Offer has been extended;

**Takeover Bid** means the off market takeover bid made by VAC pursuant to the Bidder's Statement to acquire all of the JAB Shares and all of the JAB Options;

**Target's Statement** means this document;

**VAC** means VentureAcess Capital Limited ABN 30 085 039 818 a company duly incorporated in the State of New South Wales and having its registered office at Suite 303, 20 Bungan Street Mona Vale Sydney, New South Wales.

1.2 In this Statement, unless the contrary intention appears:

- (a) the singular includes the plural and vice versa;
- (b) words and expressions defined in the *Corporations Act* have the same meanings;
- (c) headings used in this Statement are for ease of reference only and do not affect the meaning or interpretation of this Statement.

## 2. INTRODUCTION

### 2.1 Information on JAB

JAB is a company listed on NSX and carries on the business of:

- (a) Information Technology: Email based business solutions, specialising in the provision of ebusiness automation solutions and services, email commerce and Internet solutions management; and
- (b) Mineral Exploration: JAB Resources (a wholly owned subsidiary of JAB) has recently lodged applications for Exploration Licences in Albania.

### 2.2 The Offer

VAC is offering to acquire all of your JAB Shares and is offering 3 fully paid ordinary shares in VAC for every 5 fully paid ordinary shares in JAB. Additionally, VAC is offering to acquire all of your JAB Options and is offering 3 options in VAC (exercisable at 20 cents on or before 31<sup>st</sup> December 2009) for every 5 JAB Options.

The Offer is subject to a number of conditions. Those conditions are set out in full in Section 7 of the Bidder's Statement.

### 2.3 Assessment of the Offer

Before making a decision whether to accept or reject the Offer for your JAB Shares and JAB Options, you should read this Target's Statement carefully and seek independent financial and taxation advice.

### 2.4 Director's Recommendations

In the absence of a superior offer for all of the JAB Shares and JAB Options, the JAB Directors unanimously recommend that you accept the Offer.

The reasons why the JAB Directors recommend accepting the Offer are set out in section 3 below.

### 2.5 Accepting the Offer

To accept the Offer you must follow the instructions set out on the Acceptance Form attached to the Bidder's Statement.

### 2.6 Rejecting the Offer

To reject the Offer you need not take any action.

### 3. **RECOMMENDATION OF THE DIRECTORS OF JAB**

#### 3.1 **VAC Offer**

The following are Directors of JAB as at the date of this Target's Statement:

Mr Robert Murdoch - Executive Chairman

Mr Stephen Ioannides - Non Executive Director

Mr Sean Stark - Non Executive Director

The Directors of JAB unanimously recommend that JAB Shareholders and JAB Optionholders accept the Offer in the absence of a superior offer for the JAB Shares and the JAB Options.

The Directors of JAB make this recommendation as acceptance of the Offer will provide JAB Shareholders with shares in VAC and JAB Optionholders with options in VAC. In Section 5 of the Bidder's Statement VAC stated that particular synergies exist between JAB and some of VAC's investee companies' businesses and with this in mind, VAC sees potential for the more efficient operation of JAB through the introduction of strategic alliances, partnerships and/or merger partners.

In addition, the completion by JAB of the Capital Return will provide JAB Shareholders with shares in JAB Resources. VAC have agreed to vote in favour of the Capital Return in respect of any JAB Shares they hold (or exercise, or control the exercise of, a right to vote attached to such JAB Shares) at the time shareholder approval to the Capital Return is sought. Whilst no guarantee can be given that either VAC or JAB Resources will be successful in achieving a stock exchange listing, the stated intentions of both VAC (as disclosed in the Bidders Statement and Offer Information Statement) and JAB Resources is to pursue such listings.

- If both VAC and JAB Resources are ultimately successful in achieving listings on the ASX, then JAB Shareholders will hold shares in two listed entities rather than just one; and
- JAB Optionholders will hold listed options in an ASX listed company

In making their recommendation that you accept the Offer, the Directors of JAB advise that they are unable to form an opinion on the following matters.

- The Directors have no information on the other investments within VAC other than that included in the Bidder's Statement and the Offer Information Statement.
- The Directors have no information other than that included in the Bidder's Statement and the Offer Information Statement on the financial position, ongoing prospects and capabilities of the directors of VAC.
- The Directors do not know if the capital raising undertaken by VAC pursuant to the Offer information Statement will be successful or not.
- The Directors cannot form an opinion as to whether the conditions of the Offer will be met and hence whether the Offer will be finalised.
- The Directors cannot form an opinion as to whether VAC will ultimately list on the ASX or not.

### **3.2 JAB Technologies Proposed Capital Reduction**

JAB received shareholder approval at its recent Annual General Meeting for it to carry on mining exploration and development activities in addition to its current activities. JAB Resources has been incorporated as a wholly owned subsidiary of JAB. JAB Resources has lodged applications for three exploration licenses in the Republic of Albania. JAB Resources is presently a proprietary company limited by shares, however, JAB (as the sole shareholder of JAB Resources) recently resolved to convert JAB Resources to a public company limited by shares and accordingly, subject to alteration by ASIC of the registration of JAB Resources to a public company in accordance with section 164 of the Corporations Act, JAB Resources will become an unlisted public company.

The Directors have proposed an in specie distribution of shares in JAB Resources to JAB shareholders as registered on 2<sup>nd</sup> January 2007. To this end a shareholders meeting has been convened which is proposed to be held on 25<sup>th</sup> January 2007. As such, the shareholders meeting to approve the in specie distribution will not be held until after the closing date of the Offer (being the latest date on which the JAB Shareholders and JAB Optionholders may accept the Offer), and hence at the time of the meeting VAC may well hold many or most of the shares in JAB.

However, VAC has executed a Deed Poll dated 14<sup>th</sup> December 2006 whereby it has undertaken to vote in favour of the in specie distribution of JAB Resources shares on a 1 for 1 basis to the JAB shareholders as registered on 2<sup>nd</sup> January 2007.

The in specie distribution means that the current JAB shareholders will not only benefit from holding shares in JAB, that will be convertible to VAC shares subject to the terms and conditions of the Offer, but that they will also hold at no cost to the current JAB Shareholders, shares in a new resources company JAB Resources as well.

JAB Resources has recently lodged applications for exploration licences in Albania and believes that the areas applied for are available, that JAB Resources has priority under its applications, and that the applications should be granted inside 3 months.

Mr Rob Murdoch is currently the sole director of JAB Resources, however, prior to ASIC altering the registration of JAB Resources to a public company in accordance with the Corporations Act, it is intended that JAB Technologies will appoint an additional two directors to the board of directors of JAB Resources with a view to that company being able to operate as a separate and autonomous company, managed by people with experience in the resources industry.

JAB Resources has appointed a consultant to assist JAB Resources in securing the mining interests in Albania.

Additionally, it is expected that JAB Resources will engage management who are considered to have the ability to prepare and implement an effective exploration program in Albania and perhaps elsewhere.

### **3.3 Intention of JAB Directors**

In the absence of a superior offer to the Offer, each Director of JAB, by whom or on whose behalf JAB Shares and JAB Options are held, does intend to accept the Offers in respect of those JAB Shares and JAB Options.



#### 4. INFORMATION ON SHARES AND OPTIONS

##### 4.1 Marketable Securities of JAB held by or on behalf of the Directors of JAB

The number, description and amount of marketable securities of JAB held by or on behalf of each Director of JAB (including marketable securities held by or on behalf of a corporation controlled by that Director) are as follows:

Name	Description of Marketable Securities	Number of Shares
R B Murdoch	Ordinary Shares	1,315,750
R B Murdoch	Options	190,268
S Ioannides	Ordinary Shares	583,571
S Stark	Ordinary Shares	145,000
S Stark	Options	40,000

##### 4.2 Dealings in Shares and Options in JAB by JAB Directors or Associates

There have been no acquisitions or disposals of JAB Shares and JAB Options by any JAB Director or any person associated with the JAB Directors in the period of four (4) months ending on the date immediately before the date of this Target's Statement.

JAB Resources has entered into the converting loan agreement referred to in section 7, which may give rise to an entitlement to JAB Resources Shares and JAB Resources Options.

#### 5. NO PAYMENTS OR BENEFITS

It is not proposed that a prescribed benefit (not being an excluded benefit) will or may be given to a person in connection with the retirement of a person from a prescribed office in relation to JAB or that a prescribed benefit will or may be given to a prescribed person in relation to JAB in connection with the transfer of the whole or any part of the undertaking or property of JAB.

#### 6. NO AGREEMENT OR ARRANGEMENT WITH ANY DIRECTOR OF JAB

There is no agreement or arrangement made between any Director of JAB and any other person in connection with or conditional upon the outcome of the Offers.

#### 7. INTERESTS HELD BY DIRECTORS OF JAB IN ANY CONTRACT ENTERED INTO BY JAB

##### 7.1 Consultancy Agreement

JAB entered into a Consultancy Agreement with Mr. Sean Stark, which commenced on 6 June 2005. Under this Agreement, Mr. Stark was appointed as a non-executive director of JAB for 2 years from the date that JAB listed on NSX, to assist in developing and commercialising JAB's products.

##### 7.2 Converting Loan

Austex Mining Pty Ltd, a company associated with Mr Robert Murdoch, a Director of JAB, has previously agreed to provide funding to JAB to an amount of \$100,000 (**Prior Loan**).

Most of the Prior Loan has been applied to provide working capital to JAB, and recently some of the Prior Loan has been applied to the exploration activities of JAB Resources.

As part of the spin out of JAB Resources to all JAB Shareholders, JAB Resources has agreed to assume sole responsibility for repayment of the Prior Loan and the suggested terms upon which this would proceed are set out herein.

For these purposes, a Converting Loan Agreement (**Agreement**) has been entered into by JAB, Austex and JAB Resources.

The Agreement results in JAB being released from any liability to Austex to repay the Prior Loan.

JAB Resources has agreed to be solely responsible for repayment of the Prior Loan.

As a condition of the Prior Loan, Austex has requested that it be given certain rights to convert the Prior Loan into shares in JAB Resources.

The Prior Loan attracts interest at 10% per annum.

Austex may request security over JAB Resources in the form of a charge. At present Austex has not made such a request.

If the Prior Loan has not been converted into shares in JAB Resources by 30 September 2007, the Prior Loan is repayable.

Both JAB Resources and Austex have the right to convert the Prior Loan into JAB Resources Shares.

The Prior Loan is convertible with shareholder approval into Shares in JAB Resources at the same price that JAB Resources first raises seed capital.

It is intended to raise additional seed capital in JAB Resources with a view to advancing the mining interests in Albania and elsewhere, to an extent where JAB Resources may be able to undertake an initial public offering (**IPO**) and seek a listing on a recognised stock exchange.

The conversion price is 80% of the price that JAB Resources first raises seed capital at. It is anticipated that JAB Resources will seek to raise further seed capital early in 2007 on commercially appropriate terms.

JAB Resources has also agreed if the conversion rights are exercised, to grant free attaching options to subscribe for shares in JAB Resources on a one for one basis (**JAB Resources Options**).

The JAB Resources Options are exercisable on or before 31<sup>st</sup> December 2009:

- at the same price as the subscription price for shares in any IPO by JAB Resources if an IPO proceeds before 30 September 2007; or
- if an IPO does not proceed by that date, at the price per share paid for the first seed capital raised by JAB Resources.

The Agreement provides the Prior Loan is made on a limited recourse basis, meaning if JAB Resources cannot repay the Prior Loan and it has not been converted into JAB Resources Shares, Austex may only look to the assets of JAB Resources for repayment.

## 8. FINANCIAL POSITION OF JAB

The last published financial results of JAB were for the year ended 30<sup>th</sup> June 2006

Within the knowledge of each of the Directors of JAB, the financial position of JAB has not materially changed since 30<sup>TH</sup> June 2006 (the date of the last annual financial reporting to the holders of JAB in accordance with Section 315 of the *Corporations Act* was on 17 October 2006 ), save and except as follows:

- (a) JAB obtained the Prior Loan from Austex which at the date of this Target's Statement is drawn to \$70,000.
- (b) JAB has been released from any liability in respect of repayment of the Prior Loan;
- (c) Since that date, Directors have not rendered invoices to JAB in respect of services rendered and on account of usual director's fees.

## 9. OTHER INFORMATION MATERIAL TO THE MAKING OF A DECISION BY A HOLDER OF JAB SHARES

There is no other information material to the making of a decision by holders of JAB Shares and JAB Options, which JAB Shareholders and JAB Optionholders their professional advisers would reasonably require to make an informed assessment whether or not to accept the Offers and reasonably expect to find in this document being information that is within the knowledge of any of the Directors of JAB and has not previously been disclosed to the holders of JAB Shares and JAB Options or disclosed to NSX under the regular reporting and disclosure obligations of JAB under the *Corporations Act* and the Listing Rules save and except as disclosed in the Target's Statement, the Bidder's Statement, the Offer Information Statement and the Offer.

## 10. NSX ANNOUNCEMENTS

NSX Announcements made by JAB since the date that the Annual Report for JAB was announced to NSX for the financial year ending 30 June 2006 are as follows:

Date	Announcement
7/7/06	Close of OIS
12/7/06	Resignation of Director
21/7/06	Converting Loan Agreement
31/7/06	Quarterly Cashflow Statement
31/7/06	Quarterly Activities Statement
23/8/06	Change of Registered Address
13/9/06	Annual Financial Report FY06
19/9/06	Bid by Venture Axess
20/9/06	Application for Quotation of Additional Securities
31/10/06	Notice of Annual General Meeting
31/10/06	Quarterly Cashflow Statement
31/10/06	Quarterly Activities Statement
10/11/06	Bidders Statement from VAC

10/11/06	Offer Information Statement from VAC
10/11/06	Financial Statements of VAC
17/11/06	Replacement Bidders Statement from VAC (marked up)
17/11/06	Replacement Bidders Statement from VAC
17/11/06	Supplementary Offer Information Statement from VAC
30/11/06	Results of Annual General Meeting
7/12/06	Jab Technologies Limited Update

All NSX announcements, including those made by JAB and VAC may be reviewed at [www.newsx.com.au](http://www.newsx.com.au).

## 11. CONSENTS

This Target's Statement contains statements made by, or statements said to be based on statements made by the JAB Directors. Each JAB Director has consented to the inclusion of each statement he or she has made in the form and context in which each statement appears and has not withdrawn that consent at the date of this Target's Statement.

As permitted by ASIC Class Order 01/1543, the Target's Statement contains statements which are made, or based on statements, made, in documents lodged by VAC with ASIC or NSX. Pursuant to the Class Order, the consent of VAC is not required for the inclusion of such statements in the Target's Statement. Any Shareholder who would like to receive a copy of any of those documents may obtain a copy free of charge during the Offer Period by contacting the Company on 07 38333833 or + 61 7 38333833 (for callers outside Australia). In accordance with legal requirements, calls to these numbers will be recorded.

**DATED** the Twentieth day of December 2006.

**SIGNED** for and on behalf of JAB TECHNOLOGIES LIMITED by Mr Robert Boutflower Murdoch who is authorised so to sign pursuant to a resolution passed at a meeting of the Directors held on 18<sup>th</sup> December 2006



.....  
Director

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NOTICE OF GENERAL MEETING

and

EXPLANATORY MEMORANDUM

and

PROXY FORM

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Date of Meeting:	25 January 2007
Time of Meeting:	10.00 am (Brisbane Time)
Place of Meeting:	Level 6 200 Creek Street Brisbane, Qld

This Notice of General Meeting and Explanatory Memorandum should be read in their entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser before voting.

**JAB TECHNOLOGIES LIMITED**  
**ABN 42 087 426 953**

**NOTICE OF GENERAL MEETING**

Notice is hereby given that a general meeting of Shareholders of Jab Technologies Limited ABN 42 087 426 953 (Company) will be held at level 6, 200 Creek Street, Brisbane, on 25 January, 2007 at 10 am (Brisbane time).

**RESOLUTION 1- RETURN OF CAPITAL**

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

*"That pursuant to and in accordance with sub-section 256B(1) of the Corporations Act and Rule 21 of the Company's Constitution, and with effect from the Effective Date, the share capital of the Company be reduced by:*

- (a) returning approximately 14,862,911 Jab Resources Shares to the Eligible Shareholders;*
  - (b) debiting the Company's share reserve account accordingly with an amount of \$1.00.*
- and otherwise on the terms and conditions described in the Explanatory Memorandum which is attached to and forms part of this Notice."*

**RESOLUTION 2- APPROVAL OF CONVERSION OF LOAN**

"That the conversion of all moneys which may become owing by Jab Resources Pty Ltd to Austex Mining Pty Ltd (**Austex**), a company associated with Robert Murdoch, a director of the Company, into fully paid ordinary Jab Resources Shares on the terms and conditions described in the Explanatory Memorandum attached to this Notice of Meeting, be hereby approved".

N.B. For the purposes of the Listing Rules of the NSX;

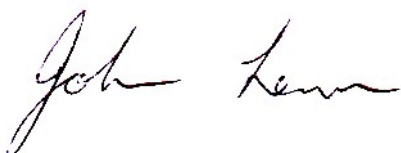
- (a) Any Shares shall be issued and allotted as soon as is practicable after conversion has taken place;
- (b) The resulting Shares will have the same rights and entitlements as existing fully paid ordinary shares in the capital of Jab Resources;
- (c) the funds that have been provided to Jab Resources will be used for advancing the mining interests in Albania of Jab Resources and working capital;
- (d) the Company will disregard any votes cast on the resolution by:
  - Austex; and
  - any person who, for the purpose of Division 2 of Part 1.2 of the *Corporations Act 2001 (Cwlth)* would be regarded as an associate of Austex.

However, the Company need not disregard a vote if:

- It is cast by a person as proxy of a person who is entitled to vote but, in accordance with the directions on the proxy form; or
- It is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Dated this 20<sup>th</sup> day of December 2006.

BY ORDER OF THE BOARD



John Lemon  
Company Secretary

**JAB TECHNOLOGIES LIMITED**  
**ABN 42 087 426 953**  
**EXPLANATORY MEMORANDUM**

## **1. INTRODUCTION**

This Explanatory Memorandum forms part of a Notice convening a General Meeting of Shareholders of the Company to be held at the Company's registered office at Level 6, 200 Creek Street, Brisbane on 25 January 2007 at 10.00am (Brisbane time). This Memorandum is to assist Shareholders in understanding the background to and the legal and other implications of the Notice and the reasons for the resolutions proposed. Terms used in this Explanatory Memorandum are defined in Section 6.

## **2. RESOLUTION 1 – RETURN OF CAPITAL**

### **2.1 Background**

- (a) At the Company's Annual General Meeting held on 30 November 2006, Shareholders gave approval to the Company carrying on mining exploration and development activities in addition to its current activities. Accordingly, to give effect to this approval, the Company incorporated Jab Resources Pty Ltd ACN 122 669 256 (**Jab Resources**), a wholly owned subsidiary of the Company on 14 November 2006, with the Company holding one (1) ordinary fully paid share in Jab Resources.
- (b) Jab Resources has lodged applications for three exploration licenses in the Republic of Albania.
- (c) On 13 December 2006, the Company (as the sole shareholder of Jab Resources) resolved to:
  - (i) split the one (1) ordinary share on issue in Jab Resources into 14,862,911 ordinary shares; and
  - (ii) convert Jab Resources from a proprietary company limited by shares to a public company limited by shares and change the name of Jab Resources from Jab Resources Pty Ltd to Jab Resources Limited.
- (d) Accordingly, the Company currently holds 14,862,911 ordinary shares in Jab Resources. It is proposed that Jab Resources seek application for admission to the Official List of the ASX.
- (e) Subject to the various conditions set out in this Explanatory Memorandum, approximately 14,862,911 Jab Resources Shares will be distributed pro rata on the basis of one (1) share in Jab Resources for every one (1) share held in the Company (rounded down to the nearest whole number) in specie by an effective return of capital to Eligible Shareholders of the Company as determined at the relevant Record Date in accordance with the Listing Rules, with effect from the Effective Date. On the assumption that there are 14,862,911 Shares as at the Record Date, (ie. that no Existing Options are exercised), upon completion of the Capital Return, the Company will not hold an interest in Jab Resources.
- (f) The Capital Return of Jab Resources Shares is conditional on shareholder approval as set out in this Explanatory Memorandum.
- (g) Eligible Shareholders will not be required to take any further action to receive their Jab Resources Shares.

- (h) Jab Resources is not currently admitted to either the NSX or the ASX of any other stock exchange. Additionally, Jab Resources does not currently qualify for admission to the ASX. Whilst it is proposed that Jab Resources will seek admission to the Official List of the ASX, if for any reason Jab Resources is not admitted to the Official List of the ASX, the Eligible Shareholders will be members of an unlisted public company. In these circumstances, the Eligible Shareholders will retain a 100% interest (after completion of the Capital Return) in Jab Resources in the form of 14,862,911 Jab Resources Shares.
- (i) There will be taxation implications for Eligible Shareholders who receive free Jab Resources Shares. A taxation opinion by Pitcher Partners is annexed to this Explanatory Memorandum. However, Eligible Shareholders should also consult their own taxation advisers for specific advice for their particular circumstances.

## 2.2 Key Dates – Capital Return

DATE	EVENT
25 January 2007	General Meeting of Shareholders
26 January 2007	Anticipated date that Shares trade on “ex return of capital” basis on NSX
2 January 2007	Anticipated Record Date to determine Eligible Shareholders
Effective Date	Anticipated date of distribution to Eligible Shareholders of 14,862,911 Jab Resources Shares under the Capital Return. Eligible Shareholders will receive a distribution of one (1) Jab Resources Share free of cost for one (1) Share held in the Company

## 2.3 Decision and Reasons for the Capital Return

The decision to proceed with the proposed Capital Return was taken for the reasons set out below.

- (a) The Company currently carries on an IT-focused business, specialising in the provision of ebusiness automation solutions and services, email commerce and Internet solutions management. On 15 May 2006 the Company issued an Offer Information Statement (fundraising document) pursuant to which the Company sought to raise a minimum of \$300,000 and up to \$1,200,000 to help fund the Company's future operations. The Company advised the Newcastle Stock Exchange on 7 July that the minimum subscription of \$300,000 had not been reached, all money received under the Offer Information Statement would be refunded, and the Company's directors would consider the Company's options and provide their recommendation to shareholders in due course.
- (b) Since that date the Company has downsized its operations whilst considering future options open to the Company.
- (c) On 19 September 2006, the Company received a letter from VentureAcess Capital Limited ABN 30 085 039 818 (**VAC**) advising that VAC was preparing a Bidder's Statement for lodgement with ASIC and dispatch to the Company's shareholders containing a conditional offer to acquire 100% of the Company's issued capital and all outstanding options. VAC lodged a Bidder's Statement with ASIC on 9 November 2006, which was replaced with a replacement Bidder's Statement lodged with ASIC on 17 November 2006 (**Bidder's Statement**). The Bidder's Statement sets out the terms and conditions of the offer to acquire 100% of the Company's issued capital and all outstanding options. The Company lodged its Target's Statement with the ASIC on 20 December 2006.
- (d) One of the options available to the Company is to pursue opportunities in the resources sector. To this end, Shareholders gave approval to the Company at the



recent Annual General Meeting to carrying on mining exploration and development activities in addition to its current activities and subsequent to this the Company incorporated Jab Resources. Jab Resources has now lodged applications for three exploration licenses in the Republic of Albania.

- (e) The Board believes that the divestment of Jab Resources will enable the Company to continue to focus on the development and growth of the Company's IT business, whilst at the same time affording all Eligible Shareholders the opportunity to convert an indirect interest in the Mining Interests held by the Company through Jab Resources into a direct equity interest in that company.
- (f) The Board further believes that the divestment of its Mining Interests into a single purpose company (Jab Resources) which is proposed to be listed on the ASX and which will be recognised as being solely focussed on its Mining Interests, will maximise shareholder value for Shareholders, with respect to the Company's existing assets. Additionally, the proposed listing of Jab Resources on the ASX, if completed, will enable this company and its shareholders to obtain the advantages occurring from listed company status on the ASX.
- (g) If the Mining Interests reside in Jab Resources as a separate listed company, it is likely that it will be able to unlock the full value and potential of the Mining Interests it holds through further exploration and joint ventures in a more efficient and effective manner than what it would otherwise be able to do as a wholly owned subsidiary of the Company. Additionally, funds will be able to be raised to enable the progression and growth of Jab Resources without having any dilution effect on the Shareholders of the Company.
- (h) The equal reduction of the Company's share capital is fair and reasonable to the Company's Shareholders as a whole and will not prejudice the Company's ability to pay its debts as and when they fall due.

## 2.4 Valuation of Jab Resources

Jab Resources was incorporated on 14 November 2006, with the Company holding one (1) ordinary fully paid share in Jab Resources. On 13 December 2006, the Company as the sole shareholder of Jab Resources resolved to split the one (1) ordinary share on issue in Jab Resources into 14,862,911 ordinary shares and convert Jab Resources from a proprietary company limited by shares to a public company limited by shares. Jab Resources is presently an unlisted proprietary company, subject to alteration by ASIC of the company's registration to a public company in accordance with section 164 of the Corporations Act.

The Company has obtained an independent valuation of Jab Resources from Pitcher Partners ("Report"). If you are unsure whether you require the information contained in the Report to decide whether or not to approve the Resolution to be considered, it is recommended that you obtain a copy of the Report. A copy of the Report is available on the Company's website [www.jabtechnologies.com.au](http://www.jabtechnologies.com.au) or may be obtained at any time prior to the Meeting free of charge by calling the Company on +61 7 3833 3872.

Pitcher Partners has applied net tangible asset method of valuation and have determined that the value of the capital of Jab Resources is a nominal value of \$1.00.

## 2.5 Implementation of the Capital Return

### (a) Amount of capital to be returned

The amount of capital to be returned to Eligible Shareholders under the Capital Return will be \$1.00 by way of the In Specie Distribution of 14,862,911 Jab Resources Shares to Eligible Shareholders.

### (b) Current Issued Capital

As at the Record Date, the Board estimates that there will be 14,862,911 Shares in the Company on issue. The Board has assumed that all of the Existing Options are not exercised prior to the Record Date.

Resolution 1 will represent a return of approximately \$1.00 for all Shares in the Company.

### (c) Entitlement to participate in the return of capital

In accordance with the Listing Rules, the Record Date for determining the entitlement to participate in the Capital Return will be 2 January 2007. All Eligible Shareholders registered on that date will be entitled to participate in the Capital Return.

### (d) Basis of Entitlement

The Jab Resources Shares will be distributed free of cost to Eligible Shareholders pro rata to the number of Shares held on the Record Date. The precise number of Jab Resources Shares, which each Eligible Shareholder will receive, will only be able to be determined on the Record Date. However, based on the number of existing Shares in the Company, each Eligible Shareholder will receive one (1) free Jab Resources Share for every one (1) Share in the Company. The Capital Return shall take effect as at the Effective Date.

### (e) Fractional entitlements

Fractional entitlements to Jab Resources Shares will be rounded down to the nearest whole number.

### (f) Trading in the Company's Shares

In accordance with the Listing Rules, trading in the Company's Shares during the period covered by the proposed Capital Return will be on the following basis:

- (i) Up to (but excluding) the business day immediately following the date that the Company tells the NSX that security holders have approved the Capital Return will be trading on "cum return of Capital" basis; and
- (ii) On and from that date, trading will be on an "ex return of capital" basis.

## 2.6 Creditors

The proposed Capital Return involves a reduction in the Company's paid-up share capital (contributed equity). However, in the opinion of the Directors, this will not materially prejudice the Company's ability to pay its creditors as the amounts owed to creditors at the date of this Explanatory Memorandum are not material and the Company's cash reserves are sufficient to pay those amounts.

## 2.7 Effect on Shareholdings

The Capital Return will have no effect on the number of Shares held by Shareholders, or on their proportionate interests, in the Company's share capital.

## 2.8 Effect on Options

The terms of the Existing Options provide that in the event of a reorganisation of the capital of the Company, the rights of the holders of the Existing Options shall be changed to comply with the Listing Rules then applying to the reorganisation of capital. The Listing Rules do not require any alteration to the rights of holders of options in an entity listed on the NSX in the event of a reorganisation of capital. Accordingly, the Capital Return will have no effect on the rights of the holders of the Existing Options.

## 2.9 Effect of the Capital Return on the Company's Financial Position

Set out below is a summary of the effect on the Company's financial position following the implementation of the Capital Return.

### (a) Effect on Capital Structure

There will be no effect on the capital structure or the number of Shares on issue of the Company as a result of the Capital Return.

### (b) Effect on Contributed Equity

At the completion of the Capital Return and based on the assumptions on which the Pro Forma Statement of Financial Position (set out below) was prepared the contributed equity of the Company will, as a result of the Capital Return, be decreased by \$1.00.

### (c) Effect on Financial Position

The following table shows the audited Statement of Financial Position for the year ending 30 June 2006.

To illustrate the effect of the Capital Return on the financial position of the Company, the Pro Forma Statement of Financial Position (unaudited) set out below has been based on the unaudited Statement of Financial Position of the Company as at 18 December 2006 adjusted to reflect the Capital Return and the removal of Jab Resources from the consolidated group referred to in the notes to the Pro Forma (as set out below).

### (d) Pro Forma Statement of Financial Position

At the completion of the Capital Return and other proposed transactions which are based on the assumptions below, the Pro-forma Balance Sheet of the Company as at 18 December 2006 was prepared which resulted in a debt forgiveness of \$60,748 for the monies owing by Jab Resources to Austex Mining Pty Ltd, the Capital Return of \$1.00 and the recognition of a loan of \$23,721 owed by Jab Resources for expenses paid by the Company on behalf of Jab Resources.

The following table shows the audited Statement of Financial Position for the 12 months ended 30 June 2006, the un-audited Consolidated Balance Sheet as at 18 December 2006 and the effect of the transactions on the Balance Sheet as at 18 December 2006.

**Pro Forma Balance Sheet  
As at 18 December 2006**

	<b>Audited Consolidated 30 June 2006 \$</b>	<b>Un-audited Consolidated 18 December 2006 \$</b>	<b>Transaction Elimination of Jab Resources and In Specie Distribution</b>	<b>Pro-forma Consolidated 18 December 2006 \$</b>
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	123,598	2,752	0	2,752
Trade and other receivables	41,275	47,352		47,352
Other assets	13,085	1	(1)	0
<b>TOTAL CURRENT ASSETS</b>	<b>177,958</b>	<b>50,105</b>	<b>(1)</b>	<b>50,104</b>
<b>NON-CURRENT ASSETS</b>				
Deferred expense	58,140	11,628		11,628
Loan Jab Resources		0	23,721	23,721
Exploration and evaluation expenditure Jab Resources		23,721	(23,721)	0
Property, plant and equipment	37,803	19,857		19,857
<b>TOTAL NON-CURRENT ASSETS</b>	<b>95,943</b>	<b>55,206</b>	<b>0</b>	<b>55,206</b>
<b>TOTAL ASSETS</b>	<b>273,901</b>	<b>105,311</b>	<b>(1)</b>	<b>105,310</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	164,415	42,025		42,025
Trade creditors and borrowing		60,748	(60,748)	0
Provisions	3,791	0	0	0
<b>TOTAL CURRENT LIABILITIES</b>	<b>168,206</b>	<b>102,773</b>	<b>(60,748)</b>	<b>42,025</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables	-	-	-	-
Provisions	-	-	-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>168,206</b>	<b>102,773</b>	<b>(60,748)</b>	<b>42,025</b>
<b>NET ASSETS</b>	<b>105,695</b>	<b>2,538</b>	<b>(60,747)</b>	<b>63,285</b>
<b>EQUITY</b>				
Contributed equity	2,215,805	2,205,041	(1)	2,205,040
Option holders' equity	96,140	96,140		96,140
Retained profits / (losses)	(2,206,250)	(2,298,643)	60,748	(2,237,895)
<b>TOTAL EQUITY</b>	<b>105,695</b>	<b>2,538</b>	<b>60,747</b>	<b>63,285</b>

Notes to Pro Forma:

The transaction has an effect of a debt forgiveness of \$60,748 which results in the elimination of the liability of \$60,748 convertible note owing by Jab Resources to Austex Mining Pty Ltd, a company associated with Mr Robert Murdoch. This transaction also resulted in a reclassification of the Exploration and Evaluation expenditure to a loan to Jab Resources totalling \$23,721.

## 2.10 Funding of Jab Resources

It is intended that Jab Resources is to have the benefit of the funding arrangements set out in Resolution 2, further details of which are provided in Section 3 of this Explanatory Memorandum.

Additionally, it is intended that the board of Jab Resources will pursue in the future appropriate funding options, which may entail the raising of seed capital.

## **2.11 Taxation Consequences for Shareholders**

Annexed to this Explanatory Memorandum is a letter from Pitcher Partners in relation to the taxation implications of the Capital Return. Shareholders must seek their own professional advice as to the taxation consequences of the Capital Return and as it may affect their own individual circumstances. Neither the Company nor any of the Directors nor any of the advisers to the Company make any representations regarding nor accept any responsibility for any tax consequences that may result from the implementation of the Resolutions outlined in this Explanatory Memorandum.

## **2.12 Risks and Disclaimer**

All of the Directors of the Company intend to vote in favour of Resolution 1 taking account of the reasons outlined in this Explanatory Memorandum.

However, the Directors acknowledge and direct Shareholders' attention to the fact that Jab Resources will be subject to the risks and difficulties facing any entity wishing to undertake mining exploration activities in the current economic and investment environment including, without limiting the generality of the foregoing, political, exploration, technical, cash flow and funding risks. Consequently no assurance whatsoever is given as to the short, medium term or longer term eventual success of Jab Resources.

The Mining Interests are applications for exploration licences only and have not to date been granted. Jab Resources does not hold any interests in tenements in respect of the Mining Interests. The Company is not aware of the existence of any fact, matter or thing which would prevent Jab Resources becoming entitled to be granted the exploration licences in respect of each of the applications, nor which would disentitle Jab Resources from being granted the exploration licences in respect of each of the applications.

As noted above, Jab Resources is not currently admitted to the ASX and does not currently qualify for admission to the ASX. Whilst it is proposed that Jab Resources will seek admission to the Official List of the ASX, if for any reason Jab Resources is not admitted to the Official List of the ASX, the Eligible Shareholders will be members of an unlisted public company (upon ASIC altering the company's registration to a public company in accordance with section 164 of the Corporations Act). Accordingly, the Company can give no assurances with respect to there being a market for the sale of Jab Resources Shares or in respect of the liquidity of the Jab Resources Shares.

## **2.13 Regulatory Approvals**

### **(a) NSX Listing Rules – Listing Rule 6.27**

In accordance with Listing Rule 6.27, the Company has consulted with the NSX to ensure that an orderly market is maintained in its securities with respect to the Capital Return. The Company will continue to keep the NSX informed of the progress of the Capital Return. In accordance with Listing Rule 6.27(c), the Notice of Meeting and this Explanatory Memorandum serves as notice to the holders of all listed securities of the Company of the effect of the Capital Return.

### **(b) Corporations Act - Chapter 2J**

As noted above, the distribution of Jab Resources Shares to Eligible Shareholders in accordance with Resolution 1 will take the form of a return of capital, and under the

Corporations Act, this requires shareholder approval. This is the purpose of Resolution 1 set out in the Notice of Meeting.

Under Section 256B of the Corporations Act, a company may reduce its share capital if the reduction:

- (i) is fair and reasonable to the company's shareholders as a whole; and
- (ii) does not materially prejudice the company's ability to pay its creditors; and
- (iii) is approved by shareholders.

Under sub-section 256C(1) of the Corporations Act if a capital reduction is an equal reduction it must be approved by a resolution passed at a general meeting of the Company. Under Article 21 of the Company's Constitution, a capital reduction must be approved by a special resolution passed at a general meeting of the Company. Accordingly, Resolution 1 must be passed by at least 75% of the votes cast by Shareholders entitled to vote on Resolution 1. Resolution 1 in the Notice of Meeting is intended to meet the requirements of sub-section 256C(1) of the Corporations Act and Article 21 of the Company's Constitution.

In addition, under sub-section 256C(4) of the Corporations Act, the Company must include with the Notice of Meeting a statement setting out all information known to the Company that is material to the decision on how to vote on the resolution. This Explanatory Memorandum together with the Annexure is intended to meet this requirement.

### **3. RESOLUTION 2 – APPROVAL OF CONVERSION OF LOAN**

#### **3.1 Background**

Austex Mining Pty Ltd, a company associated with Mr Robert Murdoch, a director of the Company, has previously agreed to provide funding to the Company to an amount of \$100,000 (**Prior Loan**).

As approved by shareholders of the Company on 30 November 2006, the Company has formed a resource exploration company, Jab Resources.

Jab Resources has applied for mining interests in Albania, as detailed above.

Part of the Prior Loan has been applied by Jab Resources and the Company to further the exploration activities of Jab Resources.

As part of the spin out of Jab Resources to all Shareholders, Jab Resources has agreed to assume sole responsibility for repayment of the Prior Loan and the suggested terms upon which this would proceed are set out herein.

#### **3.2 Reason for Approval**

The Agreement is in respect of Jab Resources, presently a wholly owned subsidiary of the Company and not the Company itself.

If Resolution 1 is approved, Jab Resources will cease to be a subsidiary of the Company.

Despite this, the Directors consider it is appropriate if the Shareholders of the Company approve the conversion in accordance with Resolution 2.

### 3.3 Release of the Company

A Converting Loan Agreement (**Agreement**) has been entered into by the Company, Austex and Jab Resources.

The Agreement results in the Company being released from any liability to Austex to repay the Prior Loan.

There is an obvious benefit to the Company through such a release.

### 3.4 Jab Resources Solely Responsible

Jab Resources has agreed to be solely responsible for repayment of the Prior Loan.

As a condition of the Prior Loan, Austex has requested that it be given certain rights to convert the Prior Loan into shares in Jab Resources.

### 3.5 Amount of Loan

Austex has agreed to fund the total sum of \$100,000.00.

### 3.6 Interest Rate

The Prior Loan attracts interest at 10% per annum.

### 3.7 Security

Austex may request security over Jab Resources in the form of a charge. At present Austex has not made such a request.

### 3.8 Term

If the Prior Loan has not been converted into shares in Jab Resources by 30 September 2007, the Prior Loan is repayable.

### 3.9 Conversion Rights

Both Jab Resources and Austex have the right to convert the Prior Loan into Jab Resources Shares.

The Prior Loan is convertible with shareholder approval into Shares in Jab Resources at the same price that Jab Resources first raises seed capital.

As mentioned above, it is intended to raise additional seed capital in Jab Resources with a view to advancing the Mining Interests to an extent where Jab Resources may be able to undertake an initial public offering (**IPO**) and seek a listing on a recognised stock exchange.

The conversion price is to be 80% of the price that Jab Resources first raises seed capital at. It is anticipated that Jab Resources will seek to raise further seed capital early in 2007 on commercially appropriate terms.

### 3.10 Jab Resources Options

Jab Resources has also agreed if the conversion rights are exercised, to grant free attaching options to subscribe for shares in Jab Resources on a one for one basis (**Jab Options**).

The Jab Options are exercisable on or before 31 December 2009:



- at the same price as the subscription price for shares in any initial public offering (IPO) by Jab Resources if an IPO proceeds before 30 September 2007; or
- if an IPO does not proceed by that date, at the price per share paid for the first seed capital raised by Jab Resources.

### 3.11 Limited Recourse

The Agreement provides the Prior Loan is made on a limited recourse basis, meaning if Jab Resources cannot repay the Prior Loan and it has not been converted into Jab Resources Shares, Austex may only look to the assets of Jab Resources for repayment.

### 3.12 Benefits to Company

The Company obtains the benefit of a full release from liability to repay Austex the Prior Loan.

Additionally, shareholders of the Company who will become shareholders in Jab Resources if Resolution 1 is passed, will indirectly benefit from Jab Resources having the benefit of a funding arrangement which in the interim, will enable it to progress its mining interests.

### 3.13 Directors Recommendations

Each of the Directors of the Company (other than Mr Murdoch), has formed the view that these funding arrangements are in the best interests of the Company and Jab Resources and recommends approval.

Mr Murdoch, by virtue of his interest in Austex, declines to make any recommendation.

## 4. OTHER INFORMATION

If after reading this Notice of General Meeting and attached Explanatory Memorandum a shareholder is in doubt as to how he/she should vote on the resolution and/or as to how it may affect him/her, he/she should seek advice from his/her accountant, solicitor or other professional advisor as soon as possible. Queries as to the lodgement of proxies and other formalities in relation to the Meeting to be held on 25 January 2007 should be directed to the Company Secretary (telephone +61 7 3833 3872).

## 5. PROXY, REPRESENTATIVE AND VOTING ENTITLEMENT INSTRUCTIONS

### 5.1 Proxies and Representatives

Attached to the Notice of General Meeting accompanying this Explanatory Memorandum is a proxy form for use by shareholders. All shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person and are eligible to vote, to complete, sign and return the proxy form and the Notice of Meeting. Lodgement of a proxy form will not preclude a shareholder from attending and voting at the meeting in person.

Shareholders are entitled to appoint a proxy to attend and vote on their behalf. Where a shareholder is entitled to cast two or more votes at the meeting, they may appoint two proxies. Where more than one proxy is appointed, each proxy may be appointed to represent a specific proportion or number of votes the shareholder may exercise. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes. The proxy may, but need not, be a shareholder of the Company.

Shareholders who are a body corporate are able to appoint representatives to attend and vote at the meeting under Section 250D of the Corporations Act.



The proxy form must be signed by the shareholder or his/her attorney duly authorised in writing or, if the shareholder is a corporation, in a manner permitted by the Corporations Act.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be deposited at, posted to, or sent by facsimile transmission to the address listed below not less than 48 hours before the time for holding the meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

Jab Technologies Limited  
Level 6, 200 Creek Street, Brisbane, 4001  
PO Box 728, Spring Hill, Queensland 4004  
Telephone: +61 7 3833 3872 Facsimile No: +61 7 3833 3888

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry.

A proxy form is attached to this Notice.

## 5.2 Voting Entitlement

For the purposes of determining voting entitlements at the Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7.00pm 23 January 2007. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

## 5.3 Signing Instructions

You must sign the proxy form as follows in the spaces provided:

- Individual: Where the holding is in one name, the holder must sign.
- Joint Holding: Where the holding is in more than one name, all of the security holders should sign.
- Power of Attorney: To sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, 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 indicate the office held by signing in the appropriate place.

## 6. INTERPRETATION

"ASIC" means the Australian Securities and Investments Commission.

"ASX" means ASX Limited ACN 008 624 691.

"Board" means the Directors of the Company from time to time.

**"Company"** means Jab Technologies Limited ABN 42 087 426 953.

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

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

**"Directors"** means the Directors of the Company.

**"Effective Date"** means the later of the Business Day after:

- (a) the date on which Resolution 1 is passed by way of a special resolution at the Meeting; or
- (b) ASIC alters the details of the Company's registration to a public company limited by shares pursuant to section 164 of the Corporations Act.

**"Eligible Shareholders"** means those holders of Shares on the Record Date who qualify to receive Jab Resources Shares under the Capital Return being the holders on the Record Date of the Shares or upon exercise of the Existing Options.

**"Existing Options"** means the 865,029 options granted over unissued Shares by the Company exercisable at 20 cents on or before 31 December 2009.

**"In Specie Distribution"** means a return of capital to the Eligible Shareholders by way of an in specie distribution of approximately 14,862,911 Jab Resources Shares.

**"Jab Resources"** means Jab Resources Pty Ltd ACN 122 669 256.

**"Jab Resources Shares"** means the ordinary shares in the issued capital of Jab Resources.

**"Listing Rules"** means the official listing rules of the NSX.

**"Meeting"** means the meeting of shareholders convened by the Notice for 25 January 2007 and any adjournment thereof.

**"Mining Interests"** means the applications for exploration licences over the following areas located in the Republic of Albania which have been made by Jab Resources:

- (c) AREA 1: Palaj Rubik Project. Located in the central area of the Republic of Albania, being an area of approximately 273 km<sup>2</sup>;
- (d) AREA 2: Librazhd Project. Located in the southern area of the Republic of Albania, being an area of approximately 223.9 km<sup>2</sup>; and
- (e) AREA 3: Tropoje Project. Located in the northern area of the Republic of Albania, being an area of approximately 400 Km<sup>2</sup>.

**"Notice"** means the notice in respect of the Meeting.

**"NSX"** means Stock Exchange of Newcastle Limited ACN 009 851 653.

**"Official List"** means the official list of the ASX.

**"Record Date"** means the record date in respect of the Capital Reduction being 2 January 2007.

**"Shares"** means ordinary fully paid shares in the capital of the Company.

**"Shareholders"** means holders of ordinary fully paid shares in the capital of the Company. In this Explanatory Memorandum references to "Sections" are to Sections hereof.

**JAB TECHNOLOGIES LIMITED ABN 42 087 426 953**  
**PROXY FORM**

I/WE	
Of	
being shareholder(s) of <b>JAB TECHNOLOGIES LIMITED ABN 42 087 426 953</b> ("Company")	
hereby appoint	of:
of failing him/her	of:

or failing him/her the Chairman as my/our proxy to vote for me/us and on my/our behalf at the annual general meeting of the Company to be held at Level 6, 200 Creek Street, Brisbane, Queensland, on 25 January 2007 at 10:00am (Brisbane time) and at any adjournment thereof in respect of all of my/our shares in the Company unless otherwise specified below.

If you wish to indicate how your proxy is to vote, please tick the appropriate places below.

If the Chairman is appointed as your proxy, or may be appointed by default, and if you do **not** wish to direct your proxy how to vote as your proxy in respect of a resolution, please place a mark in this box: ☐

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he/she has an interest in the outcome of the resolution and votes cast by him/her other than as proxy holder will be disregarded because of that interest (**Excluded Resolution**). The Chairman advises that it is his/her intention to vote in favour of all resolutions in respect of any undirected proxies which may be granted in favour of the Chairman. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on any Excluded Resolution and your votes will not be counted in calculating the required majority if a poll is called on such any Excluded Resolution.

If two proxies are appointed, the proportion of voting rights this proxy is authorised to exercise is [ ]%.  
(An additional proxy form will be supplied by the Company on request.)

If you wish to appoint the proxy to exercise voting power over only some of your shares, the number of shares in respect of which this proxy is to operate is ..... shares (Note: proxy will be over all shares if left blank).

If no directions are given, the Proxy may vote as the Proxy thinks fit or may abstain. By signing this appointment you acknowledge that the Proxy (whether voting in accordance with your directions or voting in their discretion under an undirected Proxy) may exercise your proxy even if he/she has an interest in the outcome of the resolution and even if votes cast by him/her other than as proxy holder will be disregarded because of that interest.

I/we direct my/our proxy to vote as indicated below:

RESOLUTION	For	Against	Abstain
1. Return of Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Approval of Conversion of Loan to Jab Resources	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Individual or Security holder 1**

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**Sole Director and  
Sole Company Secretary  
(If appointed)**

**Security holder 2**

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**Director**

**Security holder 3**

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**Director/Company Secretary**

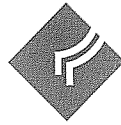
**Contact Name**

**Contact Daytime Telephone**

**Date**

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**PITCHER PARTNERS**

ACCOUNTANTS AUDITORS & ADVISORS

20 December 2006

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AN INDEPENDENT MEMBER OF BAKER TILLY INTERNATIONAL - OFFICES THROUGHOUT THE WORLD

The Directors  
Jab Technologies Limited  
Level 6  
200 Creek Street  
BRISBANE QLD 4000

Dear Directors

### **INCOME TAX: PROPOSED RETURN OF CAPITAL**

We attach for inclusion in the Explanatory Memorandum to the Notice of General Meeting the Taxation Summary for Shareholders in respect of the Return of Capital proposed to be undertaken by Jab Technologies Limited (JTL) by way of an in specie distribution of shares in Jab Resources Limited (JRL).

We have based our opinion on information contained in the draft Explanatory Memorandum, on financial information provided by Mr Rob Murdoch and the valuation undertaken of the shares in JRL.

While it is our opinion that the JTL shareholders will be entitled to the capital gains tax (CGT) demerger rollover relief (if they so choose) in respect of the proposed Return of Capital to be undertaken by JTL, we have not been requested by the Board of Directors of JTL to make an Application for Class Ruling to the Australian Taxation Office to obtain confirmation of the taxation consequences for the JTL shareholders.

Should you have any queries in respect of this matter, please do not hesitate to contact the writer.

Yours faithfully  
PITCHER PARTNERS

DARYL JONES  
Partner

Encl.



PITCHER PARTNERS

ACCOUNTANTS AUDITORS & ADVISORS

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AN INDEPENDENT MEMBER OF BAKER TILLY INTERNATIONAL - OFFICES THROUGHOUT THE WORLD

20 December 2006

The Directors  
Jab Technologies Limited  
Level 6  
200 Creek Street  
BRISBANE QLD 4000

Dear Directors

## **JAB TECHNOLOGIES LIMITED: RETURN OF CAPITAL**

You have requested that we provide a summary of the taxation implications for the shareholders of Jab Technologies Limited (JTL) in respect of the return of share capital to be undertaken by way of an in specie distribution of the shares JTL owns in Jab Resources Pty Limited (JRL). We have outlined the taxation implications in the following Taxation Summary for Shareholders.

The following summary is not intended to constitute taxation advice in relation to the specific circumstances of JTL shareholders. The taxation position of JTL shareholders with respect to the return of capital will depend upon their own particular circumstances. The summary is not applicable to all categories of JTL shareholders. In particular, it applies to JTL shareholders who are residents of Australia for tax purposes and who hold their JTL shares as capital assets. The summary does not apply to JTL shareholders who are not residents of Australia for tax purposes or to JTL shareholders who hold their JTL shares as trading stock or on revenue account.

We recommend that JTL shareholders seek their own taxation advice in order to understand how the return of share capital applies to their own particular circumstances.

## **TAXATION SUMMARY FOR SHAREHOLDERS**

### **General**

The return of share capital to be made to JTL shareholders is by way of an in specie distribution of all of the JRL shares currently owned by JTL.

The taxation implications arising to the JTL shareholders under Resolution 1 (Return of Capital), as detailed in the Explanatory Memorandum to the Notice convening the General Meeting (Explanatory Memorandum) is set out below.

## **Resolution 1 – Return of Capital**

### ***Is the Distribution Assessable as a Dividend?***

Having regard to the reasons for the proposed Return of Capital by JTL as detailed in the Explanatory Memorandum, it is evident that the Return of Capital is to reduce JTL's capital base, separate technology and mining assets and maximise value for JTL shareholders.

It is our opinion that the in specie distribution of JRL shares to the JTL shareholders is not an assessable (or deemed) dividend for income tax purposes. Whilst the Return of Capital may constitute for tax purposes a demerger benefit and capital benefit to some JTL shareholders, it is considered that any tax benefit is merely incidental. The Return of Capital is not attributed to the profits of JTL, nor does JTL's pattern of distributions indicate that it is being paid in substitution for a dividend.

### ***Application of Demerger Tax Relief***

JTL shareholders will be eligible for demerger relief under the capital gains tax (CGT) demerger rollover relief provisions. In broad terms, under this demerger relief, JTL shareholders can choose rollover relief to defer the CGT consequences in respect of the CGT event that happens to their JTL shares upon the Return of Capital.

### ***CGT Consequences – Treatment of the Return of Capital***

As stated in the Explanatory Memorandum, JTL shareholders are taken to have received a Return of Capital upon the receipt of the in specie distribution of JRL shares.

The Return of Capital will not result in a capital gain or capital loss for JTL shareholders who choose for the CGT demerger relief to apply.

If a JTL shareholder chooses to utilise CGT demerger relief, the CGT consequences may be summarised as follows:

- the Return of Capital will impact upon the determination of the CGT cost base of existing JTL shares and determine the CGT cost base of the JRL shares;
- JTL shareholders who acquired their JTL shares before 20 September 1985 (pre CGT) will continue to be treated as if they were acquired pre CGT. JRL shares received in relation to pre CGT JTL shares are deemed to be acquired pre CGT;

*Example:*

*Just before the Return of Capital, a JTL shareholder owns 5,000 JTL shares of which 2,500 were acquired pre CGT. Under the Return of Capital, the JTL shareholder acquires 5,000 JRL shares. Where the JTL shareholder chooses for CGT demerger relief to apply for all their JTL shares, the number of that shareholder's JRL shares that are taken to be pre CGT shares will be 2,500.*

- the CGT cost base and reduced cost base of each JTL and JRL share acquired or deemed to be acquired on or after 20 September 1985 (post CGT) will be determined in relation to each JTL shareholder by reasonably apportioning the cost base and reduced cost base of the post CGT JTL shares held by that JTL shareholder before the Return of Capital between JTL and JRL shares held after the Return of Capital.
- JTL shareholders must base their apportionment on the market values or a reasonable approximation of the market values of JTL shares and JRL shares just after the Return of Capital.

***Disposal of JTL Shares***

For JTL shares acquired pre CGT, these JTL shares will generally continue to remain outside the Australian CGT regime upon disposal.

For JTL shares acquired (or deemed to be acquired) post CGT, the CGT demerger relief provisions adjust the CGT cost base of those shares as discussed above.

The calculation of any capital gain on a subsequent disposal of the post CGT JTL shares is dependent upon a number of factors, including the type of entity that owns the shares and the period for which the JTL shares are held prior to disposal.

Where the JTL shares are held by individuals, trusts or complying superannuation funds for more than 12 months prior to disposal, such shareholders may be entitled to a CGT discount in calculating the amount of the assessable capital gain. The relevant discount for individuals and trusts is 50%, while that applying to complying superannuation funds is 33⅓%. Where the post CGT JTL shares are disposed of for a price less than their reduced cost base, a capital loss may arise.

***Disposal of JRL Shares***

As discussed above, JRL shares acquired in specie in relation to pre CGT JTL shares are deemed to be acquired pre CGT and, as such, are generally outside the Australian CGT regime. However, it is possible that CGT may apply on a subsequent disposal of these pre CGT JRL shares if CGT event K6 applies.

Generally, CGT event K6 may happen in certain circumstances where a shareholder disposes of pre CGT shares in a company that has not been listed on a stock exchange for at least five (5) years before the shares are sold. JRL will only be listed following a successful Initial Public Offer (IPO). However, an exclusion from CGT event K6 will apply to membership interests in a demerged entity (ie JRL) where the combined period that the head entity (JTL) and the demerged entity have been listed on the stock exchange is five years or more. As JTL has not been listed on the NSX for more than five years, JTL shareholders who plan to sell their JRL shares in the five years following the ASX listing of JRL will be subject to CGT event 126.

For JRL shares acquired in specie in relation to JTL shares acquired post CGT, the CGT demerger relief provisions deem those JRL shares to have been acquired post CGT at the date the JTL shares were acquired.

The same CGT consequences arise to the JTL shareholders on the disposal of their post CGT JRL shares as described above in respect of any disposal of their post CGT JTL shares.

### ***CGT Consequences – No CGT Demerger Relief***

JTL shareholders who do not choose for the CGT demerger relief to apply will have the same tax consequences as those detailed above subject to the following exceptions:

- If the portion of the market value of the JRL shares received per JTL share (ie the non-assessable distribution) is greater than the relevant cost base of the post CGT JTL share, the JTL shareholder will make a capital gain.
- The adjustment to the CGT cost base of the JTL shares held by JTL shareholders and the CGT cost base of the JRL shares acquired in specie are determined in the same manner as if the CGT demerger relief applied (refer above).
- All of the JRL shares transferred in specie to the JTL shareholders will be treated as post CGT shares and having an acquisition date being the date when the in specie distribution is made, rather than the deemed acquisition date being the time when the JTL shareholders acquired their JTL shares.
- As all the JRL shares will be post CGT shares and acquired after 21 September 1999, there will be no indexation available on the CGT cost base, however, the CGT discount may apply on a subsequent disposal where such JRL shares are held for more than 12 months from the date of the in specie distribution.



**Tax Reform**

This summary is based on our understanding of the Return of Capital proposed to be undertaken by JTL, and our interpretation of the relevant income taxation legislation in force at the date of this summary. We have summarised the general Australian income taxation implications arising to Australian resident JTL shareholders holding their JTL shares on capital account. However, given the ongoing changes to the income tax law, the Government's tax reform agenda, and that the taxation consequences can vary based on a shareholder's circumstances, it is recommended that JTL shareholders seek their own independent taxation advice in respect of the Return of Capital to be undertaken by JTL.

Yours faithfully  
PITCHER PARTNERS

DARYL JONES  
Partner