



Notice of Annual General Meeting and Explanatory Memorandum

ACTION REQUIRED BY SHAREHOLDERS

Step 1:

Please read the Notice of Annual General Meeting and the Explanatory Memorandum. The Explanatory Memorandum sets out details in relation to the resolutions that are to be considered and voted upon by Shareholders at the Annual General Meeting. This information is important.

Step 2:

Voting on the resolutions. Your vote is important. You may cast your vote by:

- a) attending and voting at the meeting to be held at Level 1, 275 George St, Sydney, NSW 2000 on 12 November 2008 commencing at 1:00 pm (AEST); or
- b) completing and returning the enclosed proxy form so as to be received by the Company at its registered office by 5:00 pm (AEST) on 11 November 2008. Details of how to return are included on the form.

PLEASE NOTE: This Notice of Annual General Meeting and Explanatory Memorandum should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

**NOTICE OF ANNUAL GENERAL MEETING
ZODIAC CAPITAL LIMITED
ACN 126 263 170**

Notice is given that the 2008 Annual General Meeting of members of Zodiac Capital Limited (“the Company”) will be held at the offices of Zodiac Capital Limited, Level 1, 275 George Street, Sydney, NSW 2000 on 12th November 2008 at 1:00 pm (AEST).

AGENDA

Ordinary Business

Item 1: Financial Statements

To consider and receive the Financial Report, the Directors’ Report and the Auditor’s Report of Zodiac Capital Limited for the year ended 30 June 2008.

Item 2: Remuneration Report

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

“That the Remuneration Report forming part of the Directors Report for the year ended 30 June 2008 be adopted.”

Item 3: Re-election of Dr Allen Bain as Director

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

“That Dr Allen Bain, a Director retiring from office by rotation in accordance with the Company’s Constitution, being eligible, is re-elected as a Director of the Company.”

Item 4: Re-election of Mr Robin Armstrong as Director

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

“That Robin Armstrong, a Director retiring from office by rotation in accordance with the Company’s Constitution, being eligible, is re-elected as a Director of the Company.”

Item 5: Re-election of Mr Don Benard as Director

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

“That Don Benard, a Director retiring from office by rotation in accordance with the Company’s Constitution, being eligible, is re-elected as a Director of the Company.”

Special Business

Item 6: Establishment of the Zodiac Capital Limited Executive Management Option Scheme

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

"That the company be authorised to introduce and the Board of Directors of the Company be authorised to establish, administer and maintain an employee incentive option scheme to be called the Zodiac Capital Limited Executive Management Option Scheme incorporating a scheme to issue options to subscribe for fully paid ordinary shares in the capital of the Company, at the discretion of the Board of Directors, to or for the benefit of Eligible Persons as defined in Zodiac Capital Limited Executive Management Option Scheme Terms and Conditions ("EMOS Rules") and to issue fully paid ordinary shares following the exercise of any such options, on the terms and conditions set out in the EMOS Rules, a summary of which was set out in the Explanatory Memorandum accompanying the Notice of Meeting."

Other Business

To deal with any other business that may be brought forward in accordance with the Constitution and the Corporations Act.

Dated this 10th October 2008

By order of the Board

Gulshan Jugroo
Company Secretary

Material accompanying this notice

- (a) Explanatory Statement
- (b) Appointment of Representative
- (c) Proxy Form

Required majority

Ordinary resolutions

The resolutions must be passed by a majority of more than 50% of the votes cast by members entitled to vote at the Meeting on the resolution (whether in person or by proxy, attorney or representative).

Voting Entitlements

The Board has determined, in accordance with the Company's Constitution and the Corporation Act 2001 that the holders of the Company's shares for the purposes of the meeting, will be those registered holders of shares 5:00 pm (AEST) on 11 November 2008.

Voting Exclusions

For the purposes of Resolution 6, the Company will disregard any votes cast on this resolution by Directors and their associates who are Eligible Persons as defined by the Zodiac Capital Limited Executive Management Option Scheme.

Proxies

A shareholder has the right to appoint a proxy, who need not be a shareholder of the Company. If a shareholder is entitled to cast two or more votes they may appoint two proxies and may specify the percentage of votes each proxy is appointed to exercise. The Proxy Form must be deposited at the Company, Zodiac Capital Limited, located at level 1, 275 George Street, Sydney NSW 2000 or by facsimile on (02) 9299 9276 or by email to peter.squire@zodiaccap.com.

**NOTICE OF ANNUAL GENERAL MEETING
ZODIAC CAPITAL LIMITED
ACN 126 263 170**

Explanatory Notes

Item 1: Financial Statements and Reports

Section 317 of the Corporations Act 2001 (Cth) (**Corporations Act**) requires the last year's Financial Report, the Directors' Report and Auditors Report to be laid before the Company's Annual General Meeting. There is no requirement either in the Corporations Act or the Company's Constitution for the members to approve the Financial Report, the Director's Report or the Auditors Report. Members will be given a reasonable opportunity at the meeting to ask questions and make comments on these reports and on the Company's business operations

Item 2: Remuneration Report (Non-binding Resolution)

Under Section 250R of the Corporations Act, members have the opportunity to pass a non-binding resolution on the Remuneration Report at the Company's Annual General Meeting and, under section 250SA of the Corporations Act, the Chairman must allow the members a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

The Remuneration Report, which explains the Board's policies in relation to the nature and level of remuneration paid to Directors and Specified Executives of the Company and which sets out remuneration details for each Director and Specified Executive, forms part of the Directors' Report included in the Annual Report for the financial year ended 30 June 2008 which has been sent to members with this Notice and Explanatory Notes.

The provisions of the Corporations Act provide that this Resolution need only be an advisory vote of Shareholders. Accordingly the Resolution is advisory only and does not bind the Directors of the Company. Of itself, a failure of Shareholders to pass the Resolution will not require the Directors to alter any of the arrangements in the Remuneration Report, however the board will take the outcome of the vote into consideration when considering the remuneration policy.

The Chairman of the Meeting will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

Item 3, 4 and 5: Re-election of Directors – Dr Allen Bain, Mr Robin Armstrong and Mr Don Benard

The Constitution requires that if the Company has three or more Directors, one third of those Directors must retire at each annual general meeting. The Constitution excludes Directors appointed by the directors as additional Directors (who are themselves subject to re-election) and the Managing Director.

The Company currently has 4 Directors and the Constitution provides that a Director who retires is eligible for re-election. Pursuant to the Constitution, Dr Allen Bain, Mr Robin Armstrong and Mr Don Benard will retire by rotation and seek re-election. Brief backgrounds of the directors seeking re-election are in the Annual Report. The Board supports the re-election of Dr Allen Bain, Mr Robin Armstrong and Mr Don Benard.

Item 6: Establishment of the Zodiac Capital Limited Executive Management Option Scheme

The Board believes that this Executive Management Option Scheme ("EMOS") will facilitate a comprehensive, performance based remuneration strategy.

Elements of the recommended EMOS:

Persons eligible to participate in the EMOS include any employee of the Company or a member of the Group (which includes controlled entities of the Company), whether in a full-time or part-time position, including any director, secretary, public officer, consultant and advisor ("Eligible Persons").

- The Directors may in their sole discretion select those Eligible Persons to whom Options will be issued.
- The Directors will determine the number of Options offered to an Eligible Person and may have regard to such criteria as the length of the period of service and record of employment of the Eligible Person with the Company, and the potential contribution of the Eligible Person to the Company.
- The Options can be granted on such terms and conditions as to restrictions on exercise, performance contingencies, hurdles and targets as the Board considers reasonable in the interests of the Group as a whole.
- Options will generally not be assignable or transferable without the prior written consent of the Directors.

- Options will carry no right to receive dividends or to vote.
- If a Participant leaves the Company, and their Options are not exercised within 30 days of the Participant leaving the Company, then, unless the Board makes an exception, the Participant's Options will be cancelled. The Board may specify a period in substitution for the 30 day period for exercise of the Options for any reason including when a Participant leaves the Company due to a retirement, death or Total and Permanent Disablements.
- In the event of a bonus issue to Shareholders the number of Shares over which the Option is exercisable will increase to the number of Shares that the Participant would have received if the Option had been exercised before the record date of the bonus issue.
- If there is any reconstruction or reorganisation of capital, the Options will be reorganised in accordance with the Listing Rules.
- Amendment of the EMOS Rules can be made by the Company by written instrument or resolution of the Board subject to rules that include complying with the Corporations Act and the Listing Rules.

No Options have presently been issued by the Company under the EMOS.

A copy of the EMOS Rules will be provided to all relevant Eligible Persons at the time of the offer.