



First Debenture Limited
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East Maitland NSW 2323
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NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT

DATE AND TIME OF MEETING:

Tuesday, 17th July 2012 commencing at 11.00 am

VENUE OF MEETING:

The Company's Registered Office:
Michael Unicomb & Associates
Unit 3, 19 Mitchell Drive
EAST MAITLAND NSW 2323

These documents should be read in their entirety.

If Shareholders are in any doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional advisor.

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Shareholders of First Debenture Limited (A.C.N. 105 577 017) (**the Company**) will be held at 11.00 am on Tuesday, 17th July 2012 at the Company's Registered Office, Unit 3, 19 Mitchell Drive, East Maitland NSW 2323 (**the Meeting**).

The Explanatory Statement that accompanies and forms part of this Notice of Annual General Meeting (**the Notice**) describes in more detail the matters to be considered at the Meeting.

Please refer to section 7 of the Explanatory Statement accompanying this Notice for a glossary of terms and abbreviations used in this Notice and the Explanatory Statement.

ORDINARY BUSINESS:

1. Item 1: Financial Statements and Reports

- A) *"To receive and consider the Annual Report of the Company for the year ended 30 June 2010 which includes the Annual Financial Report of the Company, the Directors' Report, the Directors' Declaration and the Auditor's Report."*
- B) *"To receive and consider the Annual Report of the Company for the year ended 30 June 2011 which includes the Annual Financial Report of the Company, the Directors' Report, the Directors' Declaration and the Auditor's Report."*

Note: this item of business is for **discussion only and is not a resolution**.

However, pursuant to the Corporations Act, Shareholders will be given a reasonable opportunity at the Meeting to ask questions about, or make comments in relation to, each of the aforementioned reports during consideration of these items.

2. Resolution 1: Remuneration report

To consider, and if thought fit, to pass the following resolution as a **non-binding resolution**:

"That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Company adopts the Remuneration Report for the year ended 30 June 2010 and for the year ended 30 June 2011 as contained in the Annual Report of the Company for the year ended 30 June 2010 and for the year ended 30 June 2011 respectively."

Note: in accordance with section 250R of the Corporations Act, the vote on this resolution is **advisory only and does not bind the Directors or the Company**.

3. Resolution 2: Re-election of Director – Mr Jeffery Dawson

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

"That Mr Jeffery Dawson, who retires by rotation in accordance with clause 20.2 of the Constitution of the Company, the NSX Listing Rules and for all other purposes, and being eligible, offers himself for re-election as a Director, be re-elected as a Director of the Company effective immediately upon the close of the Meeting."

4. Resolution 3: Re-election of Director – Mr Robert Rowlands

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

“That Mr Robert Rowlands, who retires by rotation in accordance with clause 20.2 of the Constitution of the Company, the NSX Listing Rules and for all other purposes, and being eligible, offers himself for re-election as a Director, be re-elected as a Director of the Company effective immediately upon the close of the Meeting.”

5. Resolution 4: Confirmation of appointment of Director – Dr Victor Wan

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

“That the Director’s appointment of Dr Victor Wan, appointed as a Director on 6 January 2011 be confirmed.”

6. Resolution 5: Confirmation of appointment of Director – Mr William Nobrega

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

“That the Director’s appointment of Mr William Nobrega, appointed as a Director on 31 January 2011 be confirmed.”

7. Resolution 6: Appointment of Auditor

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

- a) *“That the reappointment of BCS Assurance Pty Ltd as auditor of the Company be approved.*
- b) *That the remuneration for audit services as determined by the auditor’s schedule of fees be approved.”*

OTHER BUSINESS:

In accordance with section 250S of the Corporations Act, the Shareholders are invited to ask questions about, or make comments in relation to the management of the Company and to raise any other business that may be brought forward at the Meeting in accordance with the Constitution of the Company and the Corporations Act.

BY ORDER OF THE BOARD:



Michael Unicomb B Com, CPA, MAICD
Company Secretary

Dated: 13 June 2012

IMPORTANT INFORMATION

Voting Entitlement

For the purpose of regulation 7.11.38 of the Corporations Regulations 2001 (Cth), the Directors have determined that the shareholding of each Shareholder for the purposes of ascertaining their voting entitlements for the Meeting will be as it appears on the Company's share register at 5.00 pm on 13 July 2012 (**the Entitlement Time**).

Accordingly, only those persons registered as holders of Shares at the Entitlement Time will be entitled to attend and vote at the Meeting. Transactions registered after the Entitlement Time will be disregarded in determining Shareholders entitled to attend and vote at the Meeting.

Required Majority

In accordance with the Corporations Act, for the Resolutions to be effective:

- (a) the Resolutions must be passed at a meeting of which not less than 28 days written notice specifying the intention to propose the Resolutions has been given (satisfied by this Notice); and
- (b) in the case of ordinary resolutions, the Resolutions must be passed by more than 50% of all the votes cast by Shareholders present and entitled to vote on the Resolutions (whether in person or by proxy, attorney or representative); and
- (c) in the case of special resolutions, the Resolutions must be passed by not less than 75% of all the votes cast by Shareholders present and entitled to vote on the Resolutions (whether in person or by proxy, attorney or representative).

Proxies, Attorneys and Representatives

- (a) **(Representative of Shareholder):** Any Shareholder may be represented at the Meeting by a proxy or attorney. If a body corporate is a Shareholder, it may, by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at the Meeting.
- (b) **(Votes):** Subject to the Constitution of the Company, the NSX Listing Rules and the rights or restrictions on voting which may attach to or be imposed on any class of Shares:
 - (i) on a show of hands every Shareholder (including each holder of preference Shares who has a right to vote) present in person or by proxy or attorney or representative will have one (1) vote; and
 - (ii) on a poll every Shareholder (including each holder of preference Shares who has a right to vote) present in person or by proxy, attorney or representative will have one (1) vote for each fully paid Share held by that Shareholder and a fraction of a vote for each partly paid Share, equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) for that Share, ignoring any amounts paid in advance of a call.

- (c) **(Appointment of Proxy):** A Shareholder who is entitled to attend and vote at the Meeting is entitled to appoint a person as the Shareholder's proxy to attend and vote for the Shareholder at the Meeting. A Shareholder who is entitled to cast two (2) or more votes at the Meeting, may appoint two (2) proxies, but must specify the proportion or number of votes each proxy is appointed to exercise. A proxy need not be a Shareholder of the Company. A proxy form in the form required by the Corporations Act accompanies this Notice. Proxies appointing the Chairman which do not specify the way in which the proxy is to vote on a particular resolution will be recorded as voting in favour of the Resolutions.
- (d) **(Deposit of proxy forms and powers of attorney):** To be valid forms of proxy or powers of attorney, the proxy form (and if it is executed by an attorney, the relevant power of attorney or a certified copy of it) or the power of attorney (or a certified copy of it) must be received by the Company by no later than 11.00 am on 13 July, 2012. Any proxy form received after that time will not be valid for the Meeting.

The proxy form can be sent to First Debenture Limited:

By Post:

First Debenture Limited
PO Box R225
Royal Exchange NSW 1225
Australia

By Facsimile:

+61 2 8030 0021

In Person:

First Debenture Limited
C/- Michael Unicomb & Associates
Unit 3, 19 Mitchell Drive
East Maitland NSW 2323
Australia

Enquiries:

All enquiries in relation to the contents of the Notice or the Explanatory Statement should be directed to the Company Secretary, Mr Michael Unicomb on (02) 8030 0020 xt 209



Michael Unicomb B Com, CPA, MAICD
Company Secretary

EXPLANATORY STATEMENT

IMPORTANT INFORMATION

This Explanatory Statement has been prepared for the information of Shareholders of First Debenture Limited (A.C.N. 105 577 017) (**the Company**) in connection with the Resolutions to be considered at the Annual General Meeting of Shareholders to be held at 11.00 am on 17 July 2012 at the Company's Registered Office, Michael Unicomb & Associates, Unit 3, 19 Mitchell Drive, East Maitland NSW 2323 (**the Meeting**).

This Explanatory Statement has been prepared pursuant to NSX Listing Rule 6.48 in order to provide Shareholders with sufficient information to ensure that they are informed of all substantial matters relevant to the Resolutions proposed to be considered at the Meeting by the accompanying Notice of Annual General Meeting (**the Notice**).

Shareholders should read this Explanatory Statement in full because individual sections do not give a comprehensive review of Resolutions. Further, this Explanatory Statement should be read in conjunction with the Notice.

If you are in any doubt about what to do in relation to the Resolutions contemplated in the Notice and this Explanatory Statement, it is recommended that you seek advice from an accountant, solicitor or other professional advisor.

INTRODUCTION

The Meeting is being held so that Directors can table the financial statements and reports of the Company for the financial year ended 30 June 2010 and the financial year ended 30 June 2011 and so that Shareholders can vote on the election of Directors. This is known as the Ordinary Business of the Meeting.

Please refer to section 7 of this Explanatory Statement for a glossary of terms and abbreviations used in this Notice and this Explanatory Statement.

ORDINARY BUSINESS

1. Item 1: Financial Statements and Reports

1.1 Background to Item 1

The Corporations Act 2001 (Cth) (**the Corporations Act**) and the Constitution of the Company requires the financial statements, Directors' Report and Auditor's Report for the financial year ended 30 June 2011 to be tabled before the Meeting. During the reconstruction of the Company, the financial statements, Director's Report and Auditor's Report for the financial year ended 30 June 2010 have not been tabled at an Annual General Meeting.

Accordingly, the Financial Report, Directors' Report and Auditor's Report for the Company for the year ended 30 June 2010 and the Financial Report, Directors' Report and Auditor's Report for the Company for the year ended 30 June 2011 will be laid out before the Meeting.

1.2 The Constitution and the Corporations Act Requirements

Clause 33.2 of the Constitution of the Company requires the Directors at each Annual General Meeting of the Company to lay before the Company a financial report, a Directors' Report and an Auditor's Report for the last financial year of the Company that ended before that Annual General Meeting which comply with all applicable provisions of the Corporations Act and the NSX Listing Rules.

Neither the Corporations Act nor the Constitution of the Company requires a vote of Shareholders at the Meeting on such statements and reports.

However, the Meeting provides a forum for Shareholders to ask questions about, and make comments in relation to the Company's reports and accounts, and on the business and operations of the Company for the years ended 30 June 2010 and 30 June 2011.

In addition, in accordance with section 250RA of the Corporations Act, a representative of the Company's auditor for the years ended 30 June 2010 and 30 June 2011, BCS Assurance Pty Ltd, have been invited to attend to respond to any questions raised in relation to BCS Assurance Pty Ltd or the Auditor's Report.

More specifically, Shareholders may ask BCS Assurance Pty Ltd questions at the Meeting in relation to the following matters:

- the conduct of the audit;
- the independence of BCS Assurance Pty Ltd in relation to the conduct of the audit; and
- the accounting policies adopted by the Company for the preparation of the financial statements.

Shareholders may submit written questions to BCS Assurance Pty Ltd in relation to the above items.

Any written questions to BCS Assurance Pty Ltd must be submitted to the Company by no later than 5.00 pm on the fifth business day before the date of the Meeting.

2. RESOLUTION 1: Remuneration Report

2.1 Shareholder Approval

Pursuant to section 250R of the Corporations Act, the Board is seeking the approval of Shareholders to adopt the Remuneration Report of the Company for the year ended 30 June 2010 and for the year ended 30 June 2011.

The vote on this resolution is advisory only and does not bind the Directors or the Company. However, a reasonable opportunity will be provided at the Meeting for Shareholders to ask questions about, or make comments in relation to, the Remuneration Report.

Shareholders will be aware from the Remuneration Report that Directors have not received any remuneration during the re-structuring and re-quoting process and the resolution is therefore included to satisfy the statutory requirement.

2.2 The Corporations Act Requirement

The Remuneration Report sets out the Company's remuneration policy and reports the remuneration arrangements in place for the Executive and Non-Executive Directors of the Company, and certain executives whose remuneration arrangements are required to be disclosed.

The Remuneration Report forms part of the Directors' Report which is contained in the Annual Report of the Company for the year ended 30 June 2010 and for the year ended 30 June 2011.

Section 250R(2) of the Corporations Act requires that at a listed Company's Annual General Meeting, a resolution that the Remuneration Report be adopted must be put to the vote.

However, pursuant to section 250R(3) of the Corporations Act, the vote on such a resolution is advisory only and does not bind the Directors or the Company.

Notwithstanding this, section 250SA of the Corporations Act requires that a reasonable opportunity be allowed for Shareholders at the Meeting to ask questions about, or make comments in relation to, the Remuneration report.

2.3 Board Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

3. RESOLUTIONS 2 and 3: Re-election of Directors – Mr Jeffery Dawson and Mr Robert Rowlands

3.1 Shareholder Approval

In accordance with clause 20.2 of the Constitution of the Company and the NSX Listing Rules, Mr Jeffery Dawson and Mr Robert Rowlands are retiring as a Director of the Company in rotation, and pursuant to clause 20.3 of the Constitution of the Company, each seek re-election as a Director.

3.2 The Constitution and the NSX Listing Rules Requirements

Clause 20.2 of the Constitution of the Company states that one third of the Directors of the Company, or if their number is not a multiple of three (3), then the whole number nearest one-third, must retire from office at each Annual General Meeting. The Directors to retire at the Annual General Meeting are those who have been longest in office since their last election, but as between persons who became Directors on the same day, those to retire will, unless otherwise agree among themselves, be determined by drawing lots.

Clause 20.3 of the Constitution of the Company provides that a retiring Director is eligible for re-election to the Board.

In relation thereto, the Company notes that Mr Jeffery Dawson, Mr Robert Rowlands, Mr Richard Licardy and Mr Carey McDowell, having each been appointed as Directors at the 2010 Extraordinary General Meeting of the Company, have agreed among themselves that Mr Jeffery Dawson and Mr Robert Rowlands will retire from office at the Meeting, and be eligible for re-election.

3.3 Board Recommendation

The Directors, excluding Mr Jeffery Dawson and Mr Robert Rowlands and any of their associates, unanimously recommend that Shareholders vote in favour of Resolutions 2 and 3.

4. RESOLUTIONS 4 and 5 : Confirmation of appointment of Directors – Dr Victor Wan and Mr William Nobrega

4.1 Shareholder Approval

Dr Victor Wan and Mr William Nobrega were appointed Directors of the Company by Directors of the Company, that is, subsequent to the Extraordinary General Meeting held on 30 July 2010. Dr Victor Wan was appointed as a Director on 6 January 2011 and Mr William Nobrega was appointed as a Director on 31 January 2011.

In accordance with the Corporations Act, an appointment by Directors must be confirmed by resolution at the Company's next AGM.

4.2 The Constitution and the NSX Listing Rules Requirements

Section 201H of the Corporations Act provides that the Directors of a Company may appoint a person as a Director. If a person is appointed by the other Directors as a Director of a Public Company, the Company must confirm the appointment by resolution at the Company's next AGM. If the appointment is not confirmed, the person ceases to be a Director of the Company at the end of the AGM.

4.3 Board Recommendation

The Directors, excluding Dr Victor Wan and Mr William Nobrega and any of their associates, unanimously recommend that Shareholders vote in favour of Resolution 4 and 5.

5. RESOLUTION 6: Re-appointment of Auditor

5.1 Shareholder Approval

In accordance with the Company's Constitution, the company's auditor is required to be appointed at each annual general meeting of Shareholders. BCS Assurance Pty Ltd has been auditor of the company for the two years.

5.2 Board Recommendation

The Directors unanimously recommend that you vote in favour of re-appointing BCS Assurance Pty Ltd as auditor and that the remuneration for audit services as determined by the auditor's schedule of fees be approved.

6. Professional Advice

If you have any doubt or do not understand any of these resolutions it is recommended that you seek advice from an accountant, solicitor or other professional advisor.

7. Glossary

In this Explanatory Statement the following terms have the meaning set out below:

ACN	Australian Company Number
ASIC	The Australian Securities and Investments Commission
Closely Related Party of a member of the Key Management Personnel	Includes a spouse or child of a member; a child of the member's spouse; a dependent of the member or the member's spouse; anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity; a company the member controls; or a person prescribed by the Corporations Regulations 2001.
The Company	First Debenture Limited (ACN 105 577 017), Registered Office C/- Michael Unicomb & Associates, Unit 3, 19 Mitchell Drive, East Maitland NSW 2323
The Corporations Act	The Corporations Act 2001 (Commonwealth) as amended or replaced from time to time.
The Corporations Regulations 2001 (Cth)	The Corporations Regulations 2001 (Commonwealth) as amended or replaced from time to time.
The Directors	The Directors of the Company as at the date of the Notice and Explanatory Statement.
The Entitlement Time	5.00 pm on 13 July 2012.
The Explanatory Statement	The Explanatory Statement accompanying the Notice.
Key Management Personnel	Includes all persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including all Directors (whether executive or otherwise) of the Company.
The Notice	The Notice covering the Meeting.
The NSX	The National Stock Exchange of Australia Limited (ACN 000 902 063) and the financial market of which it operates of Level 2, 117 Scott Street, Newcastle NSW 2300.

The NSX Listing Rules	The official listing rules of the NSX and any other rules of the NSX which are applicable while the Company is admitted to the official list of the NSX, each as amended or replaced from time to time, except to the extent of any express written waiver by the NSX.
The Meeting	The Annual General Meeting of the Company to be held at 11.00 am on 17 July 2012 at Michael Unicomb & Associates, Unit 3, 19 Mitchell Drive, East Maitland NSW 2323.
Resolutions	The resolutions set out in the Notice and Explanatory Statement.
Share(s)	A full paid ordinary share in the capital of the Company.
Shareholder(s)	A person or company registered in the register of Shareholders of the Company as the holder of one or more Shares as at the Entitlement Time.