
Notice of Annual General Meeting

South Burnett Community Enterprises Limited

ACN 113 889 768

To be held at

on

2009

Special Business

1: Adoption of New Constitution

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

"That the Constitution contained in the documents submitted to the meeting marked "A" and initialed by the Chairman for the purposes of identification be adopted as the Constitution of the Company in substitution for and to the exclusion of the existing Constitution".

The Board has decided that the Company should adopt a new Constitution. The proposed new Constitution (**Proposed Constitution**) is based on the Company's existing constitution (**Existing Constitution**), though it has been updated and amended in certain key areas, as discussed in these Explanatory Notes.

A copy of the Proposed Constitution and the Existing Constitution may be inspected at the Company's Registered Office during normal business hours or at the Extraordinary General Meeting itself. Alternatively, upon request from a shareholder before the meeting, the Company Secretary will send a copy to you.

A discussion of the more significant changes to be effected by this Resolution is set out below.

Ownership Rules

As noted above, the Proposed Constitution expressly acknowledges the principal purposes of the Company. In addition, there is an express acknowledgement of the importance of broad community ownership of the Company and, accordingly, that the Board is authorised to exercise its powers and carry into effect the rules in the constitution to protect and enhance this broad community ownership.

In particular, the Existing Constitution contains a rule that, in general terms, prohibits a person from owning or controlling 10% or more of the Company. In the Proposed Constitution, this rule is maintained and also expanded. In particular, under the Proposed Constitution, there are two new ownership rules in Rule 9.

- First, persons with voting power in the Company (eg, shareholders) must have, in the opinion of the Board, a close connection to the community or communities in which the Company predominantly carries on its business. For example, individuals who reside in Yarraman or Blackbutt and the adjoining areas, or a company with a registered office in these suburbs that is owned and controlled by such individuals, would ordinarily be

considered to have this close connection. Existing shareholders are all deemed to have this connection, but this deeming rule will not apply to new shareholders.

- Second, share transfers will not be permitted where, after the transfer, the number of shareholders in the Company would be less than the Base Number (being, 90% of the number of shareholders after the shares in the Company were allotted and issued under its first Prospectus or under any subsequent Prospectus to be issued by the Company in respect of the new offer of shares in the Company to assist with the establishment of the Second Community Bank Branch at Blackbutt (the **Base Number Restriction**). The current number of shareholders in the Company is approximately 232.

To enforce the ownership rules in the Constitution, Directors have the power to require a divestment of shares where the rules are infringed. In addition, dividend and voting rights are suspended where the rules are infringed. While these rules impact on the freedom of shareholders to deal with their own shares, and so may impact adversely on the price of shares in the Company, these rules reflect the view that it is in the best interests of the Company and its business that there is broad local ownership of the Company.

Distribution for charitable purposes

In further recognition of the community nature of the Company, Rule 73(2) of the Proposed Constitution expressly authorises the Company to make payments, gifts or donations to charitable organisations or causes for the benefit of our community, having given due consideration to the rate of return to shareholders.

Changes in the context of BSX Listing

The Proposed Constitution includes amendments to facilitate compliance with the BSX Listing Rules. These amendments make it clear that as the Company is listed:

- a transfer of shares can be effected in accordance with the applicable transfer and settlement rules of the BSX and that, accordingly, the Company is authorised to do anything to participate in such a system (Rule 27);
- the Board's ability to refuse to register a transfer is restricted to certain limited situations (eg where expressly permitted to do under the BSX Listing Rules or where the Board does so to enforce the ownership rules discussed above) (Rules 28 and 28A);
- the transfer and settlement rules of the BSX Listing Rules take precedence in respect of the rules applying to transfers (Rules 29 and 31); and
- the BSX Listing Rules that apply to "restricted securities" (in general, these are securities that have been issued in exchange for an asset) are incorporated into the constitution (in particular, an escrow period may apply during which the securities cannot be transferred) (Rule 96).

Shareholders should note that the Base Number Restriction will not operate if the Company lists on BSX. The Base Number Restriction only operates if BSX confirms that the rule is appropriate and equitable. BSX has advised that it does not consider that the rule is appropriate and equitable for a listed company.

Probity checks for directors

Given the nature of the business carried on by the Company, and the community nature of the Company, it is important that the Company is able to take all reasonable steps to satisfy itself of the integrity of its Directors. As part of this process, it has been decided that existing and prospective Directors should undergo reasonable probity checks as a condition of their appointment as Directors. This is set out in Rules 62 (6A), (6B) and (6C) of the Proposed Constitution.

Those rules require that a person nominated for appointment as a Director will need to undergo a probity check (primarily, a national criminal record check) in accordance with the Board's procedures. Existing Directors will need to undergo such a check within six months and all Directors can be required to undergo a further check every 12 months.

Miscellaneous changes

The Proposed Constitution also contains a range of other minor changes to reflect changes in law and in practice. For example:

- the Proposed Constitution has been updated to allow shareholders to lodge a proxy at a specified electronic address where a notice of meeting provides for electronic lodgement.
- the Proposed Constitution expressly allows the Board to serve notices on shareholders in any way permitted by the Corporations Act (for example, the Corporations Act sets out a procedure for notifying a shareholder electronically that notices of meeting can be accessed electronically, where a shareholder has provided an electronic address for this purpose).

SOUTH BURNETT COMMUNITY ENTERPRISES LIMITED

ACN 113 889 768

This is the Constitution marked with the letter "A" and the Constitution referred to the Notice of the Annual General Meeting which is proposed to be adopted as the Constitution of the Company in substitution for the existing Constitution of the Company.

Dated the day of 2009

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Chairman