



Notice & Agenda – Praemium Limited

2007 Annual General Meeting

Praemium Limited ACN 098 405 826 (“Praemium” or “the Company”) will hold its Annual General Meeting at 11:00 am (Melbourne time) on Wednesday 7 November 2007 at Morgans 401 Collins St, Melbourne VIC, Australia.

Business

- Welcome / Apologies
- Chairman’s Address
- Group Managing Director’s Report

Resolution 1 – Receive Financial Report

To receive the financial report, directors’ report and auditor’s report for Praemium and its controlled entities for the year ended 30 June 2007.

Resolution 2 – Election of Directors

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

- That Dr. Donald Stammer, who retires by rotation, is re-elected as a director of Praemium Limited.
- That Mr. Robert Edgley, who retires by rotation, is re-elected as a director of Praemium Limited.
- That Mr. John Bryson, who was appointed on 7 August 2007 as a director to hold office until this Annual General Meeting, be elected as a director of Praemium Limited.
- That Ms. Cathryn Nolan, who was appointed on 7 August 2007 as a director to hold office until this Annual General Meeting, be elected as a director of Praemium Limited.

Resolution 3 Adoption of Remuneration Report

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

- That the Remuneration Report be adopted.

Resolution 4 – Directors’ Fees*

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

- That the aggregate limit for directors’ fees payable to non executive directors be increased to \$250,000 per annum.

Resolution 5 – Issue of Options*

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

That, subject to the approval of resolution 2(c) (the election of Mr. John Bryson as a director) the Company issue 3 tranches each of 135,000 Options to Mr. John Bryson on the terms set out on pages 3 and 4 of the Explanatory Notes accompanying this notice of meeting.

By Order of the Board

Cathryn Nolan
Company Secretary

* A voting restriction applies to these resolutions. See the voting exclusion statement on page 7.

Explanatory Notes

Resolution 2 – Election of Directors

Dr. Donald Stammer and Mr. Robert Edgley retire by rotation in accordance with article 9.1 of the Company’s Constitution. It is a requirement of the Company’s Constitution that where the number of directors (excluding the Managing Director and any directors appointed as additional directors) is equal to or less than 5 then 2 of the directors must retire from office at each Annual General Meeting. However, the retiring directors may, if eligible, offer themselves for re-election. Dr. Donald Stammer and Mr. Robert Edgley both being eligible offer themselves for re-election as directors. The remaining directors recommend to shareholders that Dr. Donald William Stammer and Mr. Robert Edgley be re-elected as directors.

On 7 August 2007, Ms. Cathryn Nolan and Mr. John Bryson were appointed as additional directors under rule 9.1 of the Company's Constitution. Rule 9.1 states that directors that are appointed as additional directors will hold office only until the next Annual General Meeting after their appointment. However, they may, if eligible, offer themselves for election at that time. Both Ms. Cathryn Nolan and Mr. John Bryson offer themselves for election as directors. The remaining directors recommend to shareholders that they are elected as directors.

Information about the experience, skills and qualifications of all of the directors, including those standing for election, are set out on pages 12 - 13 of the Company's Annual Report.

Resolution 3 – Remuneration Report

The Remuneration Report is set out on pages 17 - 21 of the 2007 Annual Report to Shareholders. Please note that the vote on this resolution is advisory only, and does not bind the directors or the Company.

Resolution 4 – Proposal to increase aggregate directors' fees

The board seeks to set aggregate directors' fees at a level that provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders

The Company's policy for fees for non-executive directors is set out in the Annual Report at page 17.

The ASX Listing Rules specify that the aggregate fees for non-executive directors shall be determined from time to time by a general meeting. The Company last determined its aggregate remuneration for directors at its 2006 Annual General Meeting at \$160,000. That amount represented the total fees paid to the three non executive directors who were appointed at that time.

The Company has since appointed an additional non executive director and seeks to increase the limit by \$90,000 to \$250,000 to allow for the payment of fees to the additional non executive director, at the same rate as the payments made to the other non executives, without a necessary reduction in the fees paid to those directors.

The Company does not currently intend to increase the amount of fees payable to the non executive directors other than to the extent required to pay fees to the additional non executive at the same rate as is currently paid to the non executive directors who are not the Chairman. If this aggregate limit is approved, it will not be fully utilised during the 2008 Financial year.

It should be noted that the aggregate amount of fees paid to non-executive directors does not include any amount paid or applied to a superannuation fund for a non-executive director in accordance with the Company's obligations in respect to superannuation entitlements, nor does it include any premium paid on an insurance policy for director's liability.

Accordingly, the Company seeks approval for the proposed aggregate.

Please note that voting exclusions apply to this resolution. Please see the voting exclusion statement set out below.

Resolution 5 – Proposal to issue options to a Director

Please note, Resolution 4 is subject to the approval of Resolution 2(c) (which relates to the appointment of Mr Bryson). If Resolution 2(c) is not approved, this proposal will be withdrawn.

Terms of Options

If resolution 2(c) is approved by members, the following issue terms will apply to the options issued to Mr. John Bryson:

- Each Option will entitle the holder to one fully paid ordinary share in the capital of Praemium Ltd.
- The Options granted will be allotted in 3 series, each having a different exercise price, vesting date and expiry date. Mr. John Bryson will receive one third of his allotment as series 1, one third as series 2 and one third as series 3 Options. The differences between the series are outlined below:

Series 1

Exercise Price: \$1.08 (25% premium on the VWAP of ordinary shares for 20 trading days prior to 7 August 2007)

Vesting Date 7 August 2008

Expiry Date 7 August 2009

Series 2

Exercise Price: \$1.32 (54% premium on the VWAP premium on the VWAP of ordinary shares for 20 trading days prior to 7 August 2007)

Vesting Date 7 August 2009

Expiry Date 7 August 2010

Series 3

Exercise Price: \$1.67 (94% premium on the VWAP premium on the VWAP of ordinary shares for 20 trading days prior to 7 August 2007)

Vesting Date 7 August 2010

Expiry Date 7 August 2011

- The Options in each series may only be exercised after the vesting date and prior to the expiry date if the volume weighted average price at which Praemium shares are traded on market for a period of 10 trading days or more is greater than the exercise price.

- There are no participating rights or entitlements inherent in the Options and the holder will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 business days after the issue is announced. This will give the option holder the opportunity to exercise his Options prior to the date for determining entitlements to participate in any such issue.
- If at any time the issued capital of Praemium is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the ASX Listing Rules.

Information for members regarding the proposal to issue options

The Corporations Act and good governance principles require that any benefits to be paid to directors receive the approval of the company's shareholders. The issue of options to a director is a benefit that requires such approval.

The Company is seeking shareholder approval for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.14 in respect of the Options to be issued to Mr Bryson.

The following information is provided to allow shareholders to assess the proposed issue of Options to Mr Bryson as a director:

Regulatory background

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. Section 208 of the Corporations Act prohibits a public company giving a financial benefit to a related party unless one of a number of exceptions applies. A "financial benefit" is defined in the Corporations Act in broad terms and includes a public company issuing securities (including options). For the purposes of Chapter 2E of the Corporations Act, Mr Bryson is a related party of the Company.

Section 208 of the Corporations Act provides that for a public company to give a financial benefit to a related party of that company, the public company must:

- obtain the approval of members in the way set out in Sections 217 to 227; and
- give the benefit within 15 months after the approval.

Information required by the Corporations Act

The terms of the Option grant to Mr Bryson are generally the same as the terms upon which the existing Directors (except the Managing Director) were granted share options prior to the Company being listed. The differences are the vesting date and the exercise price which in this instance is a premium to the VWAP at which the Company's ordinary shares traded for the 20 days prior to 7 August 2007 (being the date of Mr Bryson's appointment). The premiums selected are the same percentages used to determine the exercise price for options issued to non executive directors prior to the Company's initial public offer (which, in that case, was applied to the issue price for shares under the Company's prospectus.)

Mr. John Bryson, to whom options will be issued if this resolution is passed, declines to make a recommendation to shareholders in relation to the issue of Director Options to himself as he has a material personal interest in the outcome of the resolution. However, each of the Directors considers that the proposed issue of the Director Options is a cost effective and efficient incentive when compared to other forms of incentive (e.g. increased director's fees) and therefore recommends that shareholders vote in favour of the resolution.

The primary purpose of this issue of Options to Mr Bryson is to align the incentive of directors, in providing diligent and ongoing commitment and effort to Praemium, fully with the interests of shareholders. Also, the issue of options to Mr Bryson is consistent with the previous issue of options to non-executive Directors. Given this purpose, and bearing in mind the exercise terms of the Options, the Directors do not consider that there are any significant opportunity costs to the company or benefits foregone by Praemium in issuing the Options to Mr Bryson upon the terms proposed.

Value of the Options

The Options to be issued to Mr. Bryson if the resolution is passed are not to be quoted on ASX and as such will not have any actual market value.

On exercise of the options, the securities to be issued will not have a material impact in terms of dilution. (They will represent less than 0.3% of the total issued capital of the Company on a fully diluted basis).

ASX Listing Rule Requirements

ASX Listing Rule 10 deals with Transactions with persons in positions of influence, including Directors. It requires that a Company must not permit certain persons, including Directors, from acquiring securities (which includes options) under an employee incentive scheme without the approval of shareholders. The proposed grant of the Options to Mr Bryson is covered by ASX Listing Rule 10.14. The notice of meeting must comply with the requirements of ASX Listing Rule 10.15 or 10.15A. This notice complies with Listing Rule 10.15A.

Information required by the Listing Rules

In accordance with Listing Rule 10.15A the Company provides the following information.

- The maximum number of securities which may be acquired by Mr. Bryson as a consequence of the issue of the options is 405,000.
- The Option exercise price and formula for calculating the price is set out above. The respective premiums to the 20 trading day VWAP were chosen because they are the same percentage premiums as those used in respect of the options granted to non executive directors prior to the Company's initial public offering (although, in that case, the premium was determined by reference to the offer price of securities under the Company's prospectus).
- No other person of the type referred to in Listing Rule 10.14 has received any securities under the employee incentive scheme since the last approval of shareholders.

- There are no other persons of the type referred to in Listing Rule 10.14 who will participate in this employee incentive scheme.
- In accordance with ASX Listing Rule 10.15.5 a Voting Exclusion Statement applies to this resolution, so that the Directors: Dr. Stammer, Mr Naoumidis, Mr Edgley, Mr Taylor, Ms Silcox and Ms Nolan, and their respective associates, are prevented from voting on this resolution as associates of Mr Bryson.
- No loan applies to the Option grant.
- Details of any securities issued under the employee incentive scheme will be published in each annual report of the Company relating to a period in which securities have been issued, and that approval for the issue of securities was obtained under ASX Listing Rule 10.14.
- The date by which the Company will grant the Options will be no later than 31 December 2007, which is within the period of three years after the meeting as required by ASX Listing Rule 10.15A.8. The ordinary shares to be issued on exercise of the options will be issued within 7 days of the date on which a valid exercise notice is provided to the Company during the relevant exercise periods as set out above but no later than 7 August 2010.

Please note that voting exclusions apply to this resolution. Please see the voting exclusion statement set out below.

Voting entitlements

The Directors have determined that for the purpose of voting at the Annual General Meeting, shares will be taken to be held by the registered holder at 7.00pm AEST, on 5 November 2007.

Voting Exclusion Statement

The Company will disregard any votes cast in respect of any resolution in respect of which a voting exclusion statement applies by:

- a Director of the Company (including the Chairman); or
- an associate of such a person.

However, the Company need not disregard a vote if:

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

Proxies

In accordance with section 249L of the Corporations Act 2001:

A member who is entitled to attend and vote at the Annual General Meeting may appoint a proxy. A proxy can be either an individual or a body corporate. Should you appoint a body corporate as your proxy, that body corporate will need to ensure that it:

- appoints an individual as its corporate representative to exercise its powers at meetings, in accordance with section 250D of the Corporations Act 2001 (Cth); and
- provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the meeting.

If satisfactory evidence of appointment as corporate representative is not received before the meeting, then the body corporate (through its representative) will not be permitted to act as your proxy.

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. If the proxy appointments do not specify the proportion of the member's voting rights that each proxy may exercise, each proxy may exercise half of the member's votes.

A proxy need not be a member.

The Proxy form (and, if the appointment is signed by the appointer's attorney, the authority under which it was signed or a certified copy of the authority) must be received by the Company's share registry, Link Market Services Limited, by 11.00am AEST on 5 November 2007.

The completed proxy form may be:

Mailed/delivered to the Company's share registry, Link Market Services Limited at:

Street Address: Level 12, 680 George Street, Sydney NSW 2000

Postal Address: Locked Bag A14 SYDNEY SOUTH, NSW 1235

Faxed to Link Market Services Limited on Fax: 02 9287 0309

Corporate Representatives

A corporation may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act 2001(Cth) in which case the Company will require a Certificate of Appointment of Corporate Representative executed in accordance with the Corporations Act 2001 (Cth). The Certificate must be lodged with the Company before the meeting or at the registration desk on the day of the meeting. The Company will retain the certificate. A form of this certificate may be obtained from the Company's share registry.