Wellington®

# Notice of 2006 Annual Meeting

Notice is hereby given that the Annual Meeting of Shareholders of Wellington Drive Technologies Limited will be held at the Davenports Lounge, North Harbour Stadium/Function Centre, Oteha Valley Road, Albany, on 14th November 2006 commencing at 3:00 pm.

## 1. ORDINARY BUSINESS

### 1.1 Annual report

To hear the addresses by the Chairman and the Chief Executive Officer and to consider the financial statements for the year ended 30 June 2006 and the report of the auditor.

### 1.2 Election of Directors

In accordance with NZSX Listing Rule 3.3.8 Dr Ray Thomson and Mr Simon Mander retire by rotation and, being eligible, offer themselves for re-election.

Separate ordinary resolutions will be proposed for the re-election of each of those Directors.

(See Explanatory Note 1 for a profile of each of the Directors standing for re-election.)

### 1.3 Auditor's Remuneration

To record that PricewaterhouseCoopers is automatically reappointed as auditor of the Company pursuant to section 200 of the Companies Act 1993 and to authorise the Directors, by way of ordinary resolution, to fix the remuneration of the auditor for the ensuing year.

## 2. SPECIAL BUSINESS

### 2.1 Resolution 2.1 – Approval of Transaction with Source Vortex, LLC

To consider and, if thought fit, to pass the following as a special resolution (for the purposes of section 129 of the Companies Act 1993 and NZSX Listing Rule 9.1.1):

The Subscription Agreement dated 4 October 2006 entered into by the Company with Source Vortex, LLC providing for the issue of 100,000,000 shares in the Company and 35,000,000 warrants for the issue of shares in the Company to Source Vortex, LLC on the terms set out in Explanatory Note 3 to the Notice of Meeting be approved as a major transaction for the purposes of section 129 of the Companies Act 1993 and NZSX Listing Rule 9.1.1.

(See Explanatory Note 2.)

### 2.2 Resolution 2.2 – Issue of Shares and Warrants

If Resolution 2.1 is passed, to consider and, if thought fit, to pass the following as an ordinary resolution (for the purposes of NZSX Listing Rule 7.3.1(a) and the Takeovers Code):

The Directors are authorised:

a) to issue 100,000,000 ordinary shares in the Company ("Placement Shares") to Source Vortex, LLC for cash for a consideration of $0.40 per share, on the terms referred to in Explanatory Note 3 to the Notice of Meeting, such shares to rank pari passu in all respects with all existing ordinary shares in the Company;
b) to issue to Source Vortex, LLC 35,000,000 warrants to acquire ordinary shares in the Company on the terms referred to in Explanatory Note 3 to the Notice of Meeting ("Warrants");
c) to issue ordinary shares in the Company to Source Vortex, LLC and/or any other holders of Warrants, including Source Vortex II, LLC as the proposed transferee of 5,000,000 Warrants, upon exercise of the Warrants in accordance with their terms; and
d) to take all action, execute all documents and agreements and do all other things necessary, or considered by the Directors to be desirable, to give effect to the issue of the Placement Shares, the Warrants, and ordinary shares in the Company upon the exercise of the Warrants.

(See Explanatory Note 3.)

### 2.3 Resolution 2.3 – Exercise of Warrants by Source Vortex, LLC and Source Vortex II, LLC

If Resolutions 2.1 and 2.2 are passed, to consider and, if thought fit, to pass the following as an ordinary resolution (for the purposes of the Takeovers Code):

Pursuant to Rule 7(d) of the Takeovers Code, Source Vortex, LLC and Source Vortex II, LLC be permitted to increase the aggregated percentage of voting rights held or controlled by them and their associates in the Company, either at one time or progressively, during the exercise period of the Warrants, up to the maximum percentage that would result from the allotment of ordinary shares in the Company on exercise of all the Warrants in accordance with their terms, the maximum percentage being 40.35% if all of the Warrants are exercised and no bonus issue or capital reconstruction of the Company has taken place.

(See Explanatory Note 4.)

### 2.4 Resolution 2.4 – Election of Director

If Resolutions 2.1 to 2.3 are passed, to consider and, if thought fit to pass the following as an ordinary resolution:

Mr Michael Jude Lopitz be elected as a Director of the Company.

(See Explanatory Note 5 for profiles of the nominees referred to in Resolutions 2.4 and 2.5.)

### 2.5 Resolution 2.5 – Election of Director

If resolutions 2.1 to 2.4 are passed, to consider and, if thought fit to pass the following as an ordinary resolution:

Mr Aubrey Hornsby be elected as a Director of the Company.

### 2.6 Resolution 2.6 - Increase in Directors' Remuneration

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

The maximum aggregate remuneration payable to Directors be increased by $100,000 to a total of $200,000 per annum, to be divided amongst the Directors in such proportions and in such manner as the Directors may agree.

(See Explanatory Note 6.)

### 2.7 Resolution 2.7 - Variation of Employees Share Option Plan

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

The number of options that may be issued by the Directors to employees (including executive Directors) of the Company, its subsidiaries and related companies in accordance with the Employees Share Option Plan approved by shareholders on 28 November 2000 be increased from 3,000,000 options to 10,000,000 options.

(See Explanatory Note 7.)

By Order of the Board of Directors

Shawn Beck
CHAIRMAN
26th October 2006

## Notes

### 1. PROXIES

All shareholders of the Company entitled to attend and vote at the Meeting are entitled to appoint a proxy to attend and vote for them. A proxy need not be a shareholder of the Company.

A proxy form accompanies this Notice of Meeting and to be effective must be duly completed and lodged at the Registered Office of the Company, or with the Company's Share Registrar, in accordance with the instructions in the Notes to the Proxy Form, at least 48 hours prior to the commencement of the Meeting.

### 2. VOTING RESTRICTIONS

Source Vortex, LLC holds no voting securities in the Company and is therefore not eligible to vote on any of the resolutions referred to in this Notice of Meeting.

Source Vortex, LLC has advised the Company that there are no persons who are Associated Persons (as that term is defined in the NZSX Listing Rules) or associates (as that term is defined in the Takeovers Code) of Source Vortex, LLC. Any such persons would not be eligible to vote on Resolutions 2.2 or 2.3. Directors of the Company are not eligible to vote on Resolution 2.6 (NZSX Listing Rule 9.3.1) and may not cast any undirected proxies on this Resolution.

No persons are restricted from voting on any of the resolutions to be considered as part of the Ordinary Business of the Meeting or on Resolutions 2.1, 2.4,. 2.5 and 2.7.

All persons registered on the Company's share register as holders of shares as at the close of business on 10th November 2006 will, subject only to the preceding restrictions, be entitled to vote at the Meeting in person or by proxy.

### 3. ORDINARY AND SPECIAL RESOLUTIONS OF SHAREHOLDERS

An ordinary resolution is a resolution passed by a simple majority of the votes of those shareholders entitled to vote and voting on the resolution in person or by proxy.

A special resolution is a resolution passed by a majority of 75% or more of the votes of those shareholders entitled to vote and voting on the resolution in person or by proxy. If Resolution 2.1 is passed and any shareholder has cast all the votes attached to the shares registered in that shareholder's name and having the same beneficial owner against that Resolution, then that shareholder is entitled to require the Company to purchase those shares in accordance with section 110 of the Companies Act 1993.

# Explanatory Notes

The Companies Act 1993, the Takeovers Code, the Company's Constitution and the NZSX Listing Rules contain specific requirements which are relevant to certain of the resolutions included in this Notice of Meeting. Those requirements, insofar as they are relevant to the resolutions, are explained in the following Explanatory Notes. A copy of the NZSX Listing Rules can be viewed on NZX's website www.nzx.com.

## ORDINARY BUSINESS – EXPLANATORY NOTES

### Explanatory Note 1: Director Profiles

**Dr Ray Thomson**

After graduating with a doctorate in Physics, Dr Thomson worked as an investment analyst in sharebroking and investment companies from 1979 to 1988. He has served as a director of a number of public and private companies. He was Executive Chairman of Strathmore Group Ltd from 1988 to 1999. He has been a director of Wellington Drive Technologies Ltd since 1988. If re-elected he will not be viewed as an independent director.

**Simon Mander**

Mr Mander is a professionally qualified mechanical engineer whose previous positions include Planning Director with Lion Breweries New Zealand and four years with McKinsey & Company as a strategy management consultant. He has extensive experience in strategy development and execution at a corporate and industry level across a number of industries ranging from primary, FMCG, industrial goods, petroleum/petrochemical to heavy industry within SE Asia, Australia and New Zealand. He has a specialist functional knowledge in manufacturing and operations, particularly in the area of performance improvement. Currently Mr Mander is the General Manager of a specialist packaging business that has manufacturing sites in New Zealand and Australia exporting predominantly to the SEA region. The business also exports a range of capital equipment globally from Australia. He was appointed a director of Wellington Drive Technologies Ltd in June 2004. If re-elected, he will be viewed as an independent director.

## SPECIAL BUSINESS – EXPLANATORY NOTES

### Explanatory Note 2: Approval of transaction with Source Vortex

As previously announced, the Company has entered into a Subscription Agreement with Source Vortex, LLC ("Source Vortex"). The background to the transaction is explained in the letter from the Directors accompanying the Notice of Meeting.

The proposed investment by Source Vortex, which is subject to approval by Wellington Drive's shareholders, consists of:

a) a placement of 100,000,000 ordinary shares in the Company for cash at an issue price of $0.40 per share; and

b) the issue of 35,000,000 Warrants to purchase ordinary shares in the Company at an issue price of $0.60 per share provided the weighted average of the Company's share price reaches, and remains at or above, $1.20 for a continuous 20 day trading period during the two years after issue of the Warrants.

The principal terms of the Warrants are described in Explanatory Note 3.

The Subscription Agreement is in a customary form for transactions of a similar nature and in particular it contains:

- an acknowledgement by the parties that it is their intention to investigate the possibility of listing the Company on NASDAQ, or another securities exchange, where this is anticipated to be in the best interests of the Company but only if this allows the Company to maintain a listing on the NZSX and its corporate domicile in New Zealand;
- usual warranties and representations by WDT as to its business, assets and liabilities; and
- a right of cancellation by Source Vortex if, pending completion, an event or circumstance occurs which severely and adversely affects the ability of the Company to carry on its business, or there is a breach of the warranties given by the Company which has a similar effect and might reasonably be expected to lead a proposing purchaser of the shares to reverse its decision to acquire the Shares and Warrants.

Section 129 of the Companies Act provides that the Company cannot enter into a Major Transaction without the prior approval of shareholders by way of a special resolution. A Major Transaction includes the acquisition of assets the value of which is more than half the value of the Company's assets before the acquisition. As the Company will acquire a substantial amount of cash by the issue of the new shares under the Subscription Agreement, the issue will constitute a Major Transaction.

NZSX Listing Rule 9.1.1 also provides that the Company cannot enter into a transaction of this nature without the prior approval of shareholders. (A major transaction under the NZSX Listing Rules includes acquisitions of assets by an issuer where the gross value is in excess of 50% of the Average Market Capitalisation of the issuer.) This is to be by way of ordinary resolution, unless the transaction is also a Major Transaction pursuant to section 129 of the Companies Act, in which case a special resolution is required.

## Explanatory Note 3: Issue of Shares and Warrants

### Issue of Shares

Under the Subscription Agreement, the Company has agreed, subject to shareholder approval, to issue 100,000,000 ordinary shares to Source Vortex ("the Shares") on the following principal terms:

- the issue price will be $0.40 per Share, payable in cash;
- the net amount raised will be $37,700,000, after deducting a placement fee of $2,000,000 payable to Source Vortex and other costs;
- the Shares, when issued, will rank pari passu with all existing ordinary shares in the Company;
- the Shares will represent 33.38% of the issued capital of the Company.

NZSX Listing Rule 7.3.1(a) requires that the issue of the Shares be approved by an ordinary resolution of the shareholders of the Company.

The volume weighted average price of the Company's shares in the month before the announcement of the proposed transaction with Source Vortex was 44 cents per share. The issue of the Shares will therefore be at a discount to market. The Grant Samuel & Associates Limited Report contains a full analysis of its valuation of the Company's shares (pages 14 to 16), the advantages and disadvantages of the proposed transaction (pages 19 to 24) and the likely impact on the Company if the transaction is not approved (page 24). The letter from Directors accompanying this Notice of Meeting contains a full discussion of the background to the proposed transaction and how the Company proposes to use the funds raised by the issue. Shareholders are encouraged to read both the Grant Samuel & Associates Limited Report and the letter from Directors.

### Issue of Warrants

As additional consideration for Source Vortex's investment, the Company has agreed to issue to Source Vortex 35,000,000 Warrants to subscribe for ordinary shares in the Company ("Warrants") on the following principal terms:

- Each Warrant entitles Source Vortex, or any permitted transferee of a Warrant, to acquire one ordinary share in the Company at an issue price of $0.60 per share provided the weighted average of the Company's share price reaches, and remains at or above, $1.20 for a continuous 20 day trading period during the two years after issue of the Warrants.
- If the Warrants become exercisable in accordance with the preceding paragraph, they may only be exercised during the succeeding period of 12 months. They may be exercised in minimum amounts of 1,000,000 Warrants. Any Warrants not exercised during the exercise period will lapse.
- The shares issued on exercise of the Warrants will rank equally in all respects with the ordinary shares of the Company on issue at the exercise date (except for any dividend or other entitlement where the entitlement date occurs prior to the exercise date).
- The Warrants do not confer on the holder the right to participate in rights issues or bonus issues. However, in the case of rights issues the exercise price will be reduced according to the formula specified in the NZSX Listing Rules and in the case of bonus issues the number of shares to be issued on exercise of the Warrants will be increased in accordance with a specified formula to take account of the bonus issue.
- On any consolidation, subdivision, buyback of shares or other reconstruction of capital, the exercise price will be adjusted to take account of the reconstruction.
- The Warrants are not transferable other than a transfer to any company or fund owned or managed, directly or indirectly by Michael Jude Lopitz or Aubrey Hornsby (or any entity under their control), or a distribution in kind to the investors in such company or fund. Source Vortex has advised that it proposes to transfer 5,000,000 Warrants to Source Vortex II, LLC, a company wholly owned by Michael Jude Lopitz and Aubrey Hornsby, in the twelve months following the date of this Meeting.
- No amount is payable for the Warrants upon their issue.

NZSX Listing Rule 7.3.1(a) provides that shareholder approval by ordinary resolution must be obtained for any issue of Equity Securities (which includes the Warrants) by the Company.

### Takeovers Code approval

The Company is a "code company" for the purposes of the Takeovers Code. Under Rule 6 of the Code, Source Vortex, which does not currently hold or control any voting rights in the Company and its associates (as defined by the Code), if any, cannot become the holders or controllers of more than 20% of the voting rights in the code company, except as provided in Rule 7 of the Code. Source Vortex has advised that it does not currently have any associates.

Rule 7(d) of the Code permits a person to become the holder or controller of an increased percentage of the voting rights in a code company by an issue of shares if the issue has been approved by an ordinary resolution of the Company in accordance with the Code.

The allotment of the Shares to Source Vortex would result in it becoming the holder or controller of 33.38% of the voting rights in the Company and accordingly, must be approved by an ordinary resolution of shareholders. Source Vortex and any associates (as that term is defined in the Code) are not permitted to vote on this resolution.

Rule 18 of the Code requires the Company to obtain an Independent Adviser's Report on the merits of the proposed issue. Grant Samuel & Associates Limited has prepared such a Report and it accompanies this Notice of Meeting.

The information required to be given to shareholders under Rule 16 of the Takeovers Code is set out in Appendix 1 to this Notice of Meeting.

## Explanatory Note 4: Exercise of Warrants by Source Vortex and Source Vortex II, LLC

Rule 6 of the Code prohibits a person who holds or controls 20% or more of the voting rights in a code company from increasing its percentage of voting rights, except as provided in Rule 7 of the Code. As discussed in Explanatory Note 3, Rule 7(d) permits an issue of securities to such a person and their associates if it has first been approved by an ordinary resolution of shareholders entitled to vote and complies with the requirements of the Code. As noted in Explanatory Note 3, Source Vortex proposes to transfer 5,000,000 Warrants to Source Vortex II, LLC (an associate of Source Vortex) in the twelve months following the date of this Meeting.

Source Vortex will, following the issue of the Shares, hold more than 20% of the voting rights in the Company. Consequently, if Source Vortex, or any transferee of Warrants who is an associate of Source Vortex (including Source Vortex II, LLC), exercises any of the Warrants, the subsequent issue of new shares in the Company will increase the percentage of voting rights in the Company held by Source Vortex, Source Vortex II, LLC and their associates further beyond the 20% threshold.

Accordingly, in Resolution 2.3 shareholders are asked to approve Source Vortex and Source Vortex II, LLC, as a consequence of the exercise of any of the Warrants, if they become exercisable, increasing the aggregated percentage of voting rights held or controlled in the Company by Source Vortex, Source Vortex II, LLC and their associates up to a maximum of 40.35%.

The Code provides strict requirements as to the type of information shareholders must receive before voting on any such resolution, in particular those set out in Rule 16 of the Code. While the Company, Source Vortex and Source Vortex II, LLC have complied with most of the technical requirements of Rule 16 they are not able to comply with the precise requirements of Rules 16(b)(i), (ii) and (iii) as they cannot predict with certainty the number of Warrants that will be exercised by Source Vortex and/or Source Vortex II, LLC and what the capital structure of the Company will be on the date of the exercise of the Warrants. They are therefore unable to calculate the exact shareholding percentages that would be held by Source Vortex, Source Vortex II, LLC and their associates (if any) upon exercise of any Warrants.

Accordingly, the Company is not able to specify in this Notice of Meeting:

- the exact number of voting securities to be allotted to Source Vortex and/or Source Vortex II, LLC upon the exercise of the Warrants (Rule 16(b)(i));
- the exact percentage of the aggregate of all existing securities and all voting securities being allotted to Source Vortex and/or Source Vortex II, LLC upon the exercise of the Warrants which the number being allotted represents (Rule 16(b)(ii)); or

- the exact percentage of all voting securities that will be held or controlled by Source Vortex, Source Vortex II, LLC and their associates after completion of allotment of the voting securities following exercise of the Warrants (Rule 16(b)(iii)).

The Company, Source Vortex and Source Vortex II, LLC accordingly sought exemptions from the Takeovers Panel in respect of those requirements of the Code that could not be complied with and the Panel granted the following exemptions under section 45 of the Takeovers Act 1993:

- to the Company, an exemption from Rules 16(b)(i), (ii) and (iii) in respect of the Notice of Meeting describing the increase in voting control which would arise from the allotment of shares in the Company to Source Vortex and Source Vortex II, LLC as a result of the exercise of the Warrants; and
- to Source Vortex and Source Vortex II, LLC, an exemption from Rule 7(d) of the Code to the extent that Rule 7(d) requires the Notice of Meeting to be in accordance with Rules 16(b)(i), (ii) and (iii) of the Code in respect of any increase in their aggregated percentage of the voting rights held or controlled in the Company arising from the allotment of voting securities to Source Vortex and/or Source Vortex II, LLC on the exercise of the Warrants.

The Takeovers Panel granted the exemptions subject to the condition that this Notice of Meeting contain particulars of the securities that may be allotted to Source Vortex and/or Source Vortex II, LLC as a result of the exercise of the Warrants and particulars of the securities. Those particulars are set out in Appendix 2.

In accordance with Rule 18, a report from Grant Samuel & Associates Limited, the independent adviser approved by the Takeovers Panel, on the merits of the proposed issue and allotment of voting securities accompanies this Notice of Meeting.

Appendix 2 sets out the specific disclosures required by Rule 16 of the Code in respect of the allotment of securities which will occur on the exercise of the Warrants by Source Vortex and/or Source Vortex II, LLC except in respect of Rules 16(b)(i), (ii) and (iii) for which an exemption has been granted. The additional disclosure requirements under the exemption granted by the Takeovers Panel are also set out in Appendix 2.

## Directors' Recommendation

The Directors unanimously recommend approval of Resolutions 2.1 to 2.5. Their recommendations and reasons are contained in the letter from the Directors accompanying this Notice of Meeting.

## Explanatory Note 5: Director Candidate Profiles

### Michael Jude Lopitz

Michael Jude Lopitz is the owner and manager of Organic Options, Inc, a $US60 million international distributor of wellness products, which he founded in 1994. Organic Options has a sales network of over 30,000 reps, with a significant presence in Australasia. His marketing, regulatory, and logistics expertise has facilitated the rapid development of this operation. In addition he has managed successful businesses in energy resources (sales manager, Planet Energy Oil & Gas, 1978-1981), scientific R&D (program manager, Northrop Corporation 1981-1984) and real estate (portfolio manager, Private Real Estate Holdings, 1986-1994). He has a background as a successful entrepreneur with skills for a broad range of planning, finance, marketing, and executive functions. He has the communication and management skills to leverage that understanding into effective action, is an accomplished international speaker and trainer, and has several published works. He has lectured in economics at the university level, has working experience in government and has held political office. Michael Jude, while based in Boulder, Colorado, lives part of the year in his residences in Australia and New Zealand, in addition to which he has significant real estate portfolios in both countries. Michael Jude is a co-founder and Director of Conscious Capital Fund, a Socially Responsible Investment Fund, with a core focus on the sustainable energy sector.

### Aubrey Hornsby

Aubrey Hornsby is a co-founder and Director of Conscious Capital Fund. For the past 20 years, until recently, he owned and operated a boutique merchant banking and financial advisory service called Integral Transactions Inc (ITI). ITI specialized in merger, acquisition, financing and transformation of mid -level and smaller corporations. ITI had a particular focus on the wellness and environmental services sectors. Prior to founding ITI, Aubrey worked in banking, and in the media industry with the Elektra Music Publishing division of Warner Communications. As well as having particularly strong negotiation skills, Aubrey has had a lifelong commitment to business as a vehicle for human development and social responsibility as well as the creation of wealth. He is a member of the Clean Tech Venture Forum and through that society has developed an extensive network of contacts in the sustainable energy and environmentally conscious area.

Neither of Messrs Lopitz or Hornsby will be independent directors if they are elected.

## Explanatory Note 6: Increase in Directors' Remuneration

In accordance with the Company's Constitution and NZSX Listing Rule 3.5.1, the Board's power to authorise payment of remuneration to each Director for service as a Director (except as an executive director) is subject to shareholder approval.

The existing maximum amount of Directors fees approved by shareholders is $100,000. This limit was set in 1999.

The proposed increase of $100,000 will mean that the maximum total fees payable to all Directors is $200,000. The proposed increase is to bring the Company's Directors' fees into line with other publicly listed New Zealand companies of comparable market capitalisation and scope of business.

In addition, as the Company expands its size and geographic spread, the composition of the board is likely to evolve. A rise in the maximum level of Directors' fees will provide the Company with some flexibility in its ability to shape the composition of the Board to best fit the Company's expanding operations

## Explanatory Note 7: Variation of Employees Share Option Plan

Shareholders approved an Employees Share Option Plan (the "Plan") at the Annual Meeting of the Company on 28 November 2000. Under the Plan, the Directors may issue to full time employees of the Company, its subsidiaries and related entities, options to subscribe for up to 3,000,000 ordinary shares in the Company ("Options"). Options are exercisable during the 37$^{th}$ month after the date on which they are offered to an employee.

The price at which the Options can be exercised is the weighted average market price for the 10 trading days on which shares in the Company are trading on the NZSX prior to the day on which the offer is made plus a premium of 30%. Options expire if for any reason an employee leaves the fulltime employment of the Company unless, in the case of an employee who is not an executive director, the Board resolves otherwise. The Directors may set conditions which have to be met before the Options can be exercised. This could include such matters as the Company achieving certain goals.

To date, 2,800,000 Options have been issued under the Plan. The Directors seek the approval of shareholders pursuant to NZSX Listing Rule 7.3.1(a) to increase the total number of Options that can be issued under the Plan (including those already issued) from 3,000,000 to 10,000,000.

For reference, the original option plan approved by shareholders in 2000 represented 3.0% of the Company's outstanding share capital at that time. An increase to 10,000,000 would represent 3.3% of the expanded share capital of the Company should shareholders approve the Resolutions regarding the Source Vortex investment.

The principal rationale (and criteria) behind the Company's staff option scheme is to reward exceptional performance and to be able to attract, retain and motivate key staff. The level of the Company's future success is reliant on maintaining highly competent and motivated staff, often in specialised areas. In addition, the Company is in a competitive marketplace for high calibre staff and as the Company expands, particularly internationally, the Company needs to be able to offer employee packages that are more consistent with international markets, where options are a more significant feature than they are in New Zealand.

As has been the case with the existing option plan, Directors envisage these options would be issued over a period of time to those existing and/or new staff that meet the Company's criteria and the full level of allowable issuance would likely occur only over the medium term.

## APPENDIX 1

### Information required by the Takeovers Code in respect of allotment of shares pursuant to Resolution 2.2

1. **Identity of the allottee**

   The Placement Shares to be allotted pursuant to Resolution 2.2 will be allotted to Source Vortex.

2. **The number of voting securities being allotted pursuant to Resolution 2.2**

   The number of voting securities to be allotted is 100,000,000 ordinary shares. The Company has no voting securities other than ordinary shares.

3. **Percentage of voting securities to be held or controlled by allottee**

   The total number of voting securities to be allotted to Source Vortex pursuant to Resolution 2.2 represents 33.38% of the aggregate of all existing voting securities and all voting securities to be allotted pursuant to Resolution 2.2.

   As Source Vortex does not hold or control any voting securities in the Company, the total percentage of all voting securities that will be held or controlled by Source Vortex in the Company after the allotment will also be 33.38%.

4. **Issue price for Voting Securities**

   The issue price for the allotment of shares in the Company to Source Vortex pursuant to Resolution 2.2 is $40,000,000, being $0.40 for each share. The consideration is payable in cash upon the allotment of the shares.

5. **Reasons for the allotment**

   The reasons the Company proposes to allot the Placement Shares to Source Vortex are set out in the letter from the Directors accompanying the Notice of Meeting.

6. **Statement under Rule 16(f)**

   The allotment under Resolution 2.2, if approved, will be permitted under Rule 7(d) of the Takeovers Code as an exception to Rule 6 of the Takeovers Code.

7. **Statement under Rule 16(g)**

   Source Vortex is a special purpose entity established for the purpose of an investment in the Company. Management of Source Vortex's affairs is vested in its manager, Source Vortex Management, LLC, a Colorado limited liability company (the "Manager"). The Manager is owned by Michael Jude Lopitz and Aubrey Hornsby. The members of Source Vortex have no right to remove or replace the Manager.

   The Manager will be exclusively governed and controlled by a board of managers consisting of three managers – one appointed by Michael Jude Lopitz, one appointed by Aubrey Hornsby and one appointed by R.C. Marketing Limited (a prospective investor in Source Vortex) for so long as R.C. Marketing Limited is a member of Source Vortex. All actions of the Manager (and thus Source Vortex) will be determined by unanimous vote of the Manager's board of managers. Any disputes among the managers will be resolved by arbitration in front of the International Chamber of Commerce in a neutral location.

   Source Vortex has entered into an individual subscription agreement with each person or entity who has agreed to make an investment in Source Vortex. Each subscription agreement contains customary representations, warranties, indemnities and acknowledgements by the investor party in respect of its investment in Source Vortex. Under each subscription agreement, the investor commits to contribute an agreed amount of capital for a membership interest in Source Vortex and agrees to become a party to the Operating Agreement of Source Vortex (to be entered into between the Manager and the members of Source Vortex).

Each subscription agreement also incorporates the terms of a term sheet agreed with the relevant investor. Set out below is a brief description of particulars of the term sheets:

- the term sheets contain the terms and conditions of the offering by Source Vortex, including the investment amounts sought by Source Vortex and the intended use of the proceeds of the offering for the investment in the Company;
- the terms sheets describe the distribution policy of Source Vortex, which is to make certain distributions to its members and the Manager subject to prescribed limits;
- the term sheets set out the allocation of interests between the members of Source Vortex and the Manager. The Manager will own 10% of Source Vortex and the members will own 90% of the company (their percentage ownership interest will be based on their capital contribution);
- the interests of the members in Source Vortex are restricted securities and may not be sold, transferred or otherwise disposed of in the absence of an effective registration statement or an exemption from registration. In addition, the transferability of the interests will be further limited by Source Vortex's Operating Agreement (i.e. requiring consent of the Manager, a legal opinion and imposing a right of first refusal);
- if a member wishes to sell or otherwise transfer all or any portion of his, her or its interest to any person (other than to another member or certain family members or entities established for such family members benefit) and assuming the member is otherwise in compliance with the transfer procedures, such member must first offer to sell such interest to Source Vortex and then to the other members on a pro rata basis, all pursuant to the same terms and conditions as the selling member originally agreed to sell the interest.

The members of Source Vortex have very limited voting rights, as set out in the Operating Agreement of Source Vortex and those that are expressly reserved for them under Colorado law. In particular:

- The Operating Agreement provides that a majority vote of the members is required in respect of certain amendments to the Operating Agreement and in respect of transactions under which the Manager or any of its affiliates contract or deal with Source Vortex in connection with the sale of goods or services by the Manager or its affiliates to Source Vortex (except in certain limited circumstances).
- Under Colorado law a transaction which violates certain duties of the manager of Source Vortex (if they have been unreasonably eliminated or restricted in the Operating Agreement) will be void unless authorised or ratified by vote of the members.

There are no other agreements or arrangements that have been, or are intended to be, entered into between Source Vortex and any other person (other than between Source Vortex and the Company in respect of the matters referred to in this Appendix) relating to the allotment, holding, or control of the shares in the Company to be allotted to Source Vortex, or to the exercise of voting rights in the Company.

## 8. Independent Adviser's Report

A report from Grant Samuel & Associates Limited as independent adviser that complies with Rule 18 of the Takeovers Code is attached to this Notice of Meeting.

# APPENDIX 2

**Information required by the Takeovers Code (as modified by the provisions of the Takeovers Code (Wellington Drive Technologies Limited) Exemption Notice 2006) in respect of allotment of shares on exercise of warrants pursuant to Resolution 2.3**

**Disclosures in respect of allotment of shares on exercise of Warrants by Source Vortex and Source Vortex II, LLC**

## 1. Identity of the allottee

The ordinary shares in the Company to be allotted on the exercise of the Warrants will be allotted to Source Vortex and, if the proposed transfer of 5,000,000 Warrants to Source Vortex II, LLC is undertaken, Source Vortex II, LLC.

## 2. The number of voting securities being allotted

A maximum of 35,000,000 ordinary shares in the Company, in aggregate, will be issued on exercise of the Warrants by Source Vortex and Source Vortex II, LLC.

## 3. Percentage of voting securities to be held or controlled by allottee

Following the transfer of 5,000,000 Warrants to Source Vortex II, LLC, the maximum number of voting securities that could be allotted to Source Vortex and Source Vortex II, LLC, in aggregate, on exercise of the Warrants represents 10.46% of all the presently existing voting securities in the Company (assuming the issue of the Placement Shares has been undertaken) and, assuming Source Vortex holds all of the Placement Shares at the time of exercise and no bonus issue or capital reconstruction of the Company has taken place since the allotment of the Placement Shares, the allotment of shares on exercise of the Warrants would result in the total percentage of voting securities in the Company held or controlled by Source Vortex and Source Vortex II, LLC (and their associates) being 40.35% following the allotment.

## 4. Issue price for voting securities

The issue price for each ordinary share in the Company to be issued on the exercise of a Warrant is $0.60 provided the weighted average of the Company's share price reaches, and remains at or above, $1.20 for a continuous 20 day trading period during the two years after issue of the Warrants. The consideration is payable in cash upon exercise.

## 5. Reasons for the allotment

The reasons the Company proposes to issue the Warrants to Source Vortex and issue shares on exercise of the Warrants are set out in the letter from the Directors accompanying this Notice of Meeting.

## 6. Statement under Rule 16(f)

The allotment of ordinary shares in the Company on exercise of the Warrants by Source Vortex and/or Source Vortex II, LLC, if approved by shareholders, will be permitted under Rule 7(d) of the Takeovers Code as an exception to Rule 6 of the Takeovers Code.

## 7. Statement under Rule 16(g)

Please refer to the disclosure in paragraph 7 of Appendix 1.

## 8. Independent Adviser's Report

A report from Grant Samuel & Associates Limited as independent adviser that complies with Rule 18 of the Takeovers Code is attached to the Notice of Meeting.

## 9. Summary of terms and conditions of exemptions granted by the Takeovers Panel

The exemptions granted by the Takeovers Panel were given on the following terms and subject to the following conditions:

- that the Notice of Meeting contain the information set out in paragraphs 2 and 3 of this Appendix 2;
- that the numbers and percentages contained in paragraphs 2 and 3 be calculated on the basis that there is no change in the total voting securities on issue between the date of this Meeting and the final Warrant exercise date, other than the allotment of the Placement Shares to Source Vortex;
- the exemptions do not apply to any increase in voting control on exercise of a particular Warrant if, immediately following completion of the allotment of voting securities, the aggregate percentage of all voting securities held or controlled by Source Vortex and Source Vortex II, LLC would be greater than 40.35%;
- Source Vortex and Source Vortex II, LLC may not become the holders or controllers of any Warrants other than under the initial allotment of 35,000,000 Warrants pursuant to Resolution 2.3, or by transfer from Source Vortex; and
- that there is no change in the effective control of Source Vortex and Source Vortex II, LLC between the date of this Meeting and the final Warrant exercise date.