

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
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(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 658 624
(outside Australia) +61 3 9415 4307

Proxy Form

 **For your vote to be effective it must be received by 10:00 am (Adelaide time) Tuesday 15 June 2010**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form ➔



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com



Review your securityholding



Update your securityholding

Your secure access information is:

SRN/HIN:



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

STEP 1

Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Arasor International Ltd hereby appoint

☐

the Chairman
of the Meeting **OR**



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Arasor International Ltd to be held at the Grevillea Room in the InterContinental Adelaide, North Terrace, Adelaide SA 5000 on Thursday 17 June 2010 at 10 am (Adelaide time) and at any adjournment of that meeting.

Important for Item 8: If the Chairman of the Meeting is your proxy and you have not directed him/her how to vote on Item 8 below, please mark the box in this section. If you do not mark this box and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Item 8 and your votes will not be counted in computing the required majority if a poll is called on this Item. The Chairman of the Meeting intends to vote undirected proxies in favour of item 8 of business.

☐

I/We acknowledge that the Chairman of the Meeting may exercise my proxy even if he/she has an interest in the outcome of that Item and that votes cast by him/her, other than as proxy holder, would be disregarded because of that interest.

STEP 2

Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1 Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Election of Mr Reginald Bancroft as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Election of Mr Edward Li as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Re-election of Mr George SyCip as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 To ratify a previous issue of convertible notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 To ratify a previous issue of options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Grant of options to Mr George SyCip	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Grant of options to Mr Reginald Bancroft	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 Grant of options to Mr Edward Li	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date ____/____/____



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of Arasor International Limited will be held at the Grevillea Room in the InterContinental Adelaide, North Terrace, Adelaide SA 5000 on Thursday 17 June 2010 at 10 am Adelaide time.

Ordinary Business

To receive and consider the Financial Statements for the year ended 31 December 2008 and accompanying reports of the Directors and Auditor.

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

- 1] **Adoption of the Remuneration Report**
“That the Company adopt the Remuneration Report for the year ended 31 December 2008 as set out in the Company’s Annual Report.”
- 2] **Election of Mr Reg Bancroft as Director**
“That Mr Reginald Bancroft, being a Director of the Company appointed under clause 47 of the Company’s constitution and ASX Listing Rule 14.4 as a casual vacancy, retires at the Annual General Meeting of the Company and being eligible, and offering himself for election, is elected as a Director.”
- 3] **Election of Mr Edward Li as Director**
“That Mr Edward Li, being a Director of the Company appointed under clause 47 of the Company’s constitution and ASX Listing Rule 14.4 as a casual vacancy, retires at the Annual General Meeting of the Company and being eligible, and offering himself for election, is elected as a Director.”
- 4] **Re-election of Mr George SyCip as a Director**
“That Mr George SyCip, having voluntarily retired by rotation in accordance with ASX Listing Rule 14.4 and Clause 58.1 of the Constitution of the Company, being eligible, and having offered himself for re-election, is re-elected as a Director with effect immediately following the conclusion of the meeting.”
- 5] **To ratify a previous issue of convertible notes**
“That for the purpose of ASX Listing Rule 7.4 and for all other purposes, approval be and is hereby given to the allotment and issue by the Company of 1,351,351 convertible notes on 4 July 2008 on the terms and conditions described in the Explanatory Memorandum which is attached to and forms part of this Notice.”
- 6] **To ratify a previous issue of options**
“That for the purpose of ASX Listing Rule 7.4 and for all other purposes, approval be and is hereby given to the allotment and issue by the Company of 3,000,000 options on 8 July 2009 on the terms and conditions described in the Explanatory Memorandum which is attached to and forms part of this Notice.”
- 7] **Grant of options to Mr George SyCip**
“That for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval be and is hereby given to the grant, allotment and issue by the Company of 1,000,000 options to Mr George SyCip (or his nominee) on the terms and conditions described in the Explanatory Memorandum which is attached to and forms part of this Notice.”

8] **Grant of options to Mr Reginald Bancroft**

“That for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval be and is hereby given to the grant, allotment and issue by the Company of 1,000,000 options to Mr Reginald Bancroft (or his nominee) on the terms and conditions described in the Explanatory Memorandum which is attached to and forms part of this Notice.”

9] **Grant of options to Mr Edward Li**

“That for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval be and is hereby given to the grant, allotment and issue by the Company of 1,000,000 options to Mr Edward Li (or his nominee) on the terms and conditions described in the Explanatory Memorandum which is attached to and forms part of this Notice.”

Explanatory Notes

The Explanatory Notes accompanying this Notice of Annual General Meeting are incorporated in and comprise part of this Notice of Annual General Meeting, and should be read in conjunction with this notice.

Shareholders are specifically referred to the Glossary in the Explanatory Notes which contains definitions of capitalised terms used both in this Notice of Annual General Meeting and the Explanatory Notes.

Voting Exclusions

Resolutions 5 and 6

The Company will disregard any votes cast on Resolutions 5 and 6 by any person who participated in the issue and any associate of such person.

Resolutions 7, 8 and 9

The Company will disregard any votes in respect of each of these resolutions if they are cast by or on behalf of a person who is named in the relevant resolution or an associate of that named person.

All Resolutions

However the Company need not disregard a vote if:-

- (a) it is cast by a person who is appointed by writing as proxy for a person who is entitled to vote in accordance with the directions on the relevant proxy form; and
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the relevant proxy form to vote as the proxy decides.

Proxies

Please note that:

- (a) a member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

“Snap-shot” Time

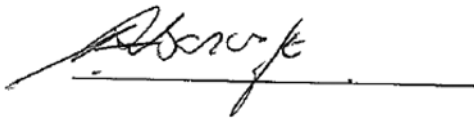
The Company may specify a time, not more than 48 hours before the meeting, at which a “snap-shot” of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the meeting. The Company’s directors have determined that all Shares of the Company that are quoted on ASX as at 15 June 2010 shall, for the purposes of determining voting entitlements at the Annual General Meeting, be taken to be held by the persons registered as holding the Shares at that time.

Corporate Representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the meeting or handed in at the meeting when registering as a corporate representative.

Dated 12 May 2010

**BY ORDER OF THE BOARD
ARASOR INTERNATIONAL LIMITED**

A handwritten signature in dark ink, appearing to read 'R. Bancroft', is written over a horizontal line.

**REGINALD BANCROFT
COMPANY SECRETARY**

Voting

A Proxy Form is enclosed with this Notice.



EXPLANATORY MEMORANDUM

This Explanatory Memorandum forms part of a Notice convening a general meeting of Arasor International Limited to be held on 17 June 2010. This Explanatory Memorandum is to assist shareholders in understanding the background to and the legal and other implications of the Notice and the reasons for the resolutions proposed. Both documents should be read in their entirety and in conjunction with each other.

Other than the information set out in this Explanatory Memorandum the Directors believe that there is no other information that could reasonably be required by shareholders to consider Resolutions 1, 2, 3, 4, 5, 6, 7, 8 and 9.

All of the resolutions are ordinary resolutions. They are separate resolutions and in no way dependent on each other.

Resolution 2: Election of Mr Reginald Bancroft as Director

The Constitution requires that any Director appointed by the Board, either to fill a casual vacancy or as an addition to the board, must retire at the next Annual General Meeting following his or her appointment, but is eligible for election at that Annual General Meeting. Accordingly, Mr Reginald Bancroft retires pursuant to clause 47 of the Constitution and ASX Listing Rule 14.4. He is eligible for, and has offered himself for re-election.

The resume of Mr Reginald Bancroft for election to the office of Director is as follows:-

Reginald Bancroft (Non-Executive Director)

Reg Bancroft had a 37 year career with UK based Royal and Sun Alliance Insurance (RSA). After 17 years in the UK, he moved to Australia in 1984 taking on roles including Director of commercial insurance across the Asia Pacific region. Retiring from RSA in Korea in 2002, he took up an assignment as Executive Vice Chairman with Green Hwajae, a listed Korean non-life insurer. He presently is Australian Managing Partner of Doran Capital Partners, a privately held, diversified real estate investment management and advisory Company that conducts business throughout Asia.

Resolution 3: Election of Mr Edward Li as Director

The Constitution requires that any Director appointed by the Board, either to fill a casual vacancy or as an addition to the board, must retire at the next Annual General Meeting following his or her appointment, but is eligible for election at that Annual General Meeting. Accordingly, Mr Edward Li retires pursuant to clause 47 of the Constitution and ASX Listing Rule 14.4. He is eligible for, and has offered himself for re-election.

The resume of Mr Edward Li for election to the office of Director is as follows:-

Edward Li CA (Non-Executive Director)

Edward Li is a Chartered Accountant with over 30 years experience in senior positions of both private and public companies, including Red Earth, Lincraft, the Sussan Group and more recently with Go Connect Ltd and Sino Strategic International Limited. Mr Li has been Chief Financial Officer and joint Company Secretary of Go Connect Ltd since March 2000. He has been a Chartered Accountant for over 35 years and holds a Bachelor of Economics.

Resolution 4: Re-election of Mr George SyCip as Director

In accordance with Listing Rule 14.4 and clause 58.1 of the Company's Constitution a Director must not hold office past the later of the conclusion of the third annual general meeting after which the Directors was elected or re-elected and the third anniversary of the Director's appointment or re-election (excluding those who retire under clause 47 of the Constitution). Accordingly Mr George SyCip retires in accordance with Listing Rule 14.4 and clause 58.1 of the Constitution and being eligible, offers himself for, re-election.

Resume of the candidate for election to the office of Director is as follows:-

George SyCip, MBA (Non-Executive Director)

George SyCip is President of Halanna Management Corporation and a founder and principal in Galaxaco China Group LLC. Mr SyCip advises a variety of companies in their cross-border endeavours between the US/Europe and Asia. He also sits on several corporate boards including: Bank of the Orient in San Francisco; Beneficial-PNB Life Insurance Company in the Philippines; MacroAsia Corporation; Medtecs International Corporation Limited, Paxys, Inc. in the Philippines; and is a board member of the International Institute for Rural Reconstruction. Prior to setting up his own offices, Mr SyCip had a career in banking and currently serves as a board member of the Stanford Institute for International Studies, Give2Asia and the California Asia Business Council. He has also served as Commissioner for the City and County of San Francisco's Social Services Department. Mr SyCip was born in the Philippines and received his A.B. in International Relations/Economics in 1978 from Stanford University and his MBA from Harvard.

Resolution 5: To ratify a previous issue of convertible notes

On 4 July 2008 the Company issued a total of 1,351,351 convertible notes to 9999999991 Holding Limited. The purpose of the issue was to provide ongoing working capital for the Company. The convertible notes have a zero percent interest rate and mature 3 years from the date of issue (unless otherwise requested to be matured at an earlier date by the holder, being not less than one year after the issue date). The notes can be converted into cash or shares at the Company's discretion. In the event the notes are converted to shares, they will be converted at a rate of \$0.30 per share.

ASX Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12 month period which exceeds 15% of the number of issued securities of the company on issue at the beginning of the 12 month period, except with the prior approval of shareholders of the company in general meeting, unless an exception in ASX Listing Rule 7.2 applies (none of which are applicable).

The issue of the convertible notes detailed above did not result in the Company breaching the 15% limit referred to in ASX Listing Rule 7.1.

The purpose of Resolution 5 is to obtain shareholder approval for the purpose of ASX Listing Rule 7.4 and for all other purposes. If shareholders approve the issue of the convertible notes mentioned for the purpose of ASX Listing Rule 7.4, the issue of those convertible notes will not count towards determining the number of equity securities which the Company can issue in any 12 month period. However, if shareholders do not approve the issue of the convertible notes for the purpose of ASX Listing Rule 7.4, the issue of those convertible notes will count towards the number of equity securities which the Company can issue in any 12 month period.

The Directors do not have an interest in the outcome of Resolution 5 and recommend that shareholders vote in favour of Resolution 5.

Resolution 6: To ratify a previous issue of options

On 8 July 2009 the Company issued a total of 3,000,000 options to the Company's CEO, Mr William Mackenzie. The options were issued in accordance with Mr Mackenzie's employment contract. The options issued to Mr Mackenzie entitle him to acquire ordinary shares in the Company at an exercise price of \$0.05 and have an exercise period expiring 7 July 2014. The options were issued for nil consideration and therefore no funds were raised from the issue of the options.

ASX Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12 month period which exceeds 15% of the number of issued securities of the company on issue at the beginning of the 12 month period, except with the prior approval of shareholders of the company in general meeting, unless an exception in ASX Listing Rule 7.2 applies (none of which are applicable).

The issue of the options detailed above did not result in the Company breaching the 15% limit referred to in ASX Listing Rule 7.1.

The purpose of Resolution 6 is to obtain shareholder approval for the purpose of ASX Listing Rule 7.4 and for all other purposes. If shareholders approve the issue of the options mentioned for the purpose of ASX Listing Rule 7.4, the issue of those options will not count towards determining the number of equity securities which the Company can issue in any 12 month period. However, if shareholders do not approve the issue of the options for the purpose of ASX Listing Rule 7.4, the issue of those options will count towards the number of equity securities which the Company can issue in any 12 month period.

The Directors do not have an interest in the outcome of Resolution 6 and recommend that shareholders vote in favour of Resolution 6.

Resolution 7: Grant of options to Mr George SyCip

On 8 July 2009 the Company announced its intention (subject to shareholder approval) to grant 1,000,000 options to Mr George SyCip (or his nominee) entitling him to acquire ordinary shares in the Company with vesting period of six months from 28 May 2009, an exercise price of \$0.05 and an exercise period expiry date of the fifth anniversary after the date of issue

The proposed options grant to Mr SyCip (or his nominee) requires the approval of shareholders pursuant to ASX Listing Rule 10.11.

Shareholder approval is required under ASX Listing Rule 10.11 because Mr SyCip is a director of the Company and, as such, is a related party of the Company. If shareholder approval is given under ASX Listing Rule 10.11, shareholder approval is not required under ASX Listing Rule 7.4.

For the purposes of ASX Listing Rule 10.13, information regarding the proposed options grant is provided as follows:

- The options are to be issued to Mr George SyCip (or his nominee);
- the maximum number of options that may be issued by the Company to Mr SyCip is 1,000,000 options. If all the options are exercised, 1,000,000 ordinary fully paid shares will issued as a result of those options;
- the options will be issued by the board by no later than one month after the date the resolution is passed;
- the options will be issued for no consideration and therefore no funds will be raised by the issue of the options. Any funds raised from time to time due to the exercise of any of those options will be used as the board sees fit; and
- the options will be issued on the terms and conditions set out in Annexure A to this Explanatory Memorandum.

Recommendation 8.2 of the Corporate Governance Principles and Recommendations

The directors note box 8.2: Guidelines for non-executive director remuneration, which at point two recommends that Non-executive directors should not receive options or bonus payments. Notwithstanding this recommendation, the directors of the board feel it is appropriate to remunerate the Company's Non-executive directors in part by the issue of options. This is due to the fact that the Company is not able to match the market value of remuneration normally paid non-executive directors with cash (cash payments to non-executive directors have been set at \$25,000 per annum per director from 2010) due to size and nature of the Company's operations. The issue of options are therefore an important way of providing the board of directors an additional benefit to their overall package, whilst providing an incentive. The directors note that the strike price for the proposed options are set at more than twice the last traded price of the Company's securities prior to its voluntary suspension.

Chapter 2E Corporations Act

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a Related Party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) Shareholder approval is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, Mr SyCip is considered to be a Related Party of the Company because he is a director of the Company

The proposed issue of Options by the Company to Mr SyCip (or his nominee) constitutes the giving of a financial benefit to a Related Party of the Company. However it is the view of the Directors that the proposed issue of Options falls under one of the exceptions to the Chapter 2E provisions.

The relevant exception, contained in section 211(1) of the Corporations Act, states that shareholder approval is not required in order to give a financial benefit to a Related Party if that benefit is reasonable remuneration given to an employee. The Directors (excluding Mr SyCip) have reviewed a valuation of the Options, together with the remuneration paid to Mr SyCip, and the total remuneration to that of similar employees in similar market capitalisation sized companies.. Based on this, it is the view of the Directors (excluding that of Mr SyCip) that the proposed issue of Options to Mr SyCip as part of Mr SyCip's remuneration is reasonable in the Company's circumstances and for the position in which Mr SyCip is employed, and that, for the purposes of Chapter 2E of the Corporations Act, the proposed issue of Options does not require Shareholder approval under the Corporations Act.

Resolution 8: Grant of options to Mr Reginald Bancroft

On 8 July 2009 the Company announced its intention (subject to shareholder approval) to grant 1,000,000 options to Mr Reginald Bancroft (or his nominee) entitling him to acquire ordinary shares in the Company with vesting period of six months from 28 May 2009, an exercise price of \$0.05 and an exercise period expiry date of the fifth anniversary after the date of issue

The proposed options grant to Mr Bancroft (or his nominee) requires the approval of shareholders pursuant to ASX Listing Rule 10.11.

Shareholder approval is required under ASX Listing Rule 10.11 because Mr Bancroft is a director of the Company and, as such, is a related party of the Company. If shareholder approval is given under ASX Listing Rule 10.11, shareholder approval is not required under ASX Listing Rule 7.4.

For the purposes of ASX Listing Rule 10.13, information regarding the proposed options grant is provided as follows:

- The options are to be issued to Mr Reginald Bancroft (or his nominee);
- the maximum number of options that may be issued by the Company to Mr Bancroft is 1,000,000 options. If all the options are exercised, 1,000,000 ordinary fully paid shares will issued as a result of those options;
- the options will be issued by the board by no later than one month after the date the resolution is passed;
- the options will be issued for no consideration and therefore no funds will be raised by the issue of the options. Any funds raised from time to time due to the exercise of any of those options will be used as the board sees fit; and
- the options will be issued on the terms and conditions set out in Annexure A to this Explanatory Memorandum.

Recommendation 8.2 of the Corporate Governance Principles and Recommendations

The directors note box 8.2: Guidelines for non-executive director remuneration, which at point two recommends that Non-executive directors should not receive options or bonus payments. Notwithstanding this recommendation, the directors of the board feel it is appropriate to remunerate the Company's Non-executive directors in part by the issue of options. This is due to the fact that the Company is not able to match the market value of remuneration normally paid non-executive directors with cash (cash payments to non-executive directors have been set at \$25,000 per annum per director from 2010) due to size and nature of the Company's operations. The issue of options are therefore an important way of providing the board of directors an additional benefit to their overall package, whilst providing an incentive. The directors note that the strike price for the proposed options are set at more than twice the last traded price of the Company's securities prior to its voluntary suspension.

Chapter 2E Corporations Act

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a Related Party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) Shareholder approval is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, Mr Bancroft is considered to be a Related Party of the Company because he is a director of the Company

The proposed issue of Options by the Company to Mr Bancroft (or his nominee) constitutes the giving of a financial benefit to a Related Party of the Company. However it is the view of the Directors that the proposed issue of Options falls under one of the exceptions to the Chapter 2E provisions.

The relevant exception, contained in section 211(1) of the Corporations Act, states that shareholder approval is not required in order to give a financial benefit to a Related Party if that benefit is reasonable remuneration given to an employee. The Directors (excluding Mr Bancroft) have reviewed a valuation of the Options, together with the remuneration paid to Mr Bancroft, and the total remuneration to that of similar employees in similar market capitalisation sized companies.. Based on this, it is the view of the Directors (excluding that of Mr Bancroft) that the proposed issue of Options to Mr Bancroft as part of Mr Bancroft's remuneration is reasonable in the Company's circumstances and for the position in which Mr Bancroft is employed, and that, for the purposes of Chapter 2E of the Corporations Act, the proposed issue of Options does not require Shareholder approval under the Corporations Act.

Resolution 9: Grant of options to Mr Edward Li

On 8 July 2009 the Company announced its intention (subject to shareholder approval) to grant 1,000,000 options to Mr Edward Li (or his nominee) entitling him to acquire ordinary shares in the Company with vesting period of six months from 28 May 2009, an exercise price of \$0.05 and an exercise period expiry date of the fifth anniversary after the date of issue

The proposed options grant to Mr Li (or his nominee) requires the approval of shareholders pursuant to ASX Listing Rule 10.11.

Shareholder approval is required under ASX Listing Rule 10.11 because Mr Li is a director of the Company and, as such, is a related party of the Company. If shareholder approval is given under ASX Listing Rule 10.11, shareholder approval is not required under ASX Listing Rule 7.4.

For the purposes of ASX Listing Rule 10.13, information regarding the proposed options grant is provided as follows:

- The options are to be issued to Mr Edward Li (or his nominee);
- the maximum number of options that may be issued by the Company to Mr Li is 1,000,000 options. If all the options are exercised, 1,000,000 ordinary fully paid shares will be issued as a result of those options;
- the options will be issued by the board by no later than one month after the date the resolution is passed;
- the options will be issued for no consideration and therefore no funds will be raised by the issue of the options. Any funds raised from time to time due to the exercise of any of those options will be used as the board sees fit; and
- the options will be issued on the terms and conditions set out in Annexure A to this Explanatory Memorandum.

Recommendation 8.2 of the Corporate Governance Principles and Recommendations

The directors note box 8.2: Guidelines for non-executive director remuneration, which at point two recommends that Non-executive directors should not receive options or bonus payments. Notwithstanding this recommendation, the directors of the board feel it is appropriate to remunerate the Company's Non-executive directors in part by the issue of options. This is due to the fact that the Company is not able to match the market value of remuneration normally paid non-executive directors with cash (cash payments to non-executive directors have been set at \$25,000 per annum per director from 2010) due to size and nature of the Company's operations. The issue of options are therefore an important way of providing the board of directors an additional benefit to their overall package, whilst providing an incentive. The directors note that the strike price for the proposed options are set at more than twice the last traded price of the Company's securities prior to its voluntary suspension.

Chapter 2E Corporations Act

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a Related Party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) Shareholder approval is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, Mr Li is considered to be a Related Party of the Company because he is a director of the Company

The proposed issue of Options by the Company to Mr Li (or his nominee) constitutes the giving of a financial benefit to a Related Party of the Company. However it is the view of the Directors that the proposed issue of Options falls under one of the exceptions to the Chapter 2E provisions.

The relevant exception, contained in section 211(1) of the Corporations Act, states that shareholder approval is not required in order to give a financial benefit to a Related Party if that benefit is reasonable remuneration given to an employee. The Directors (excluding Mr Li) have reviewed a valuation of the Options, together with the remuneration paid to Mr Li, and the total remuneration to that of similar employees in similar market capitalisation sized companies.. Based on this, it is the view of the Directors (excluding that of Mr Li) that the proposed issue of Options to Mr Li as part of Mr Li's remuneration is reasonable in the Company's circumstances and for the position in which Mr Li is employed, and that, for the purposes of Chapter 2E of the Corporations Act, the proposed issue of Options does not require Shareholder approval under the Corporations Act.

Glossary

“ASX” means ASX Limited ACN 008 624 691;

“ASX Listing Rules” means the official listing rules of ASX;

“Board” means the board of Directors;

“Company” means Arasor International Limited ACN 119 999 441;

“Constitution” means the constitution of the Company;

“Corporations Act” means Corporations Act 2001 (Cth);

“Director” means a director of the Company;

“Option” means an option to subscribe for one unissued Share;

“Optionholder” means a holder of an Option;

“Share” means a fully paid ordinary share in the capital of the Company;

“Shareholder” means a holder of a Share.

ANNEXURE A

TERMS AND CONDITIONS OF OPTIONS

1. Each option entitles the holder to one ordinary share in the Company.
2. Each of the options will be exercisable at a price of \$0.05.
3. Each option is exercisable in whole or in part at any time during the period commencing on the date of issue and expiring on the date being four years after the date of issue (**Exercise Period**). Options not exercised before the expiry of the Exercise Period will lapse.
4. Options are exercisable by notice in writing to the Board delivered to the registered office of the Company and payment of the exercise price per option in cleared funds.
5. The Company will not apply to ASX for official quotation of the options.
6. The Company will make application for official quotation on ASX of new shares allotted on exercise of the options. Those shares will participate equally in all respects with existing issued ordinary shares, and in particular new shares allotted on exercise of the options will qualify for dividends declared after the date of their allotment.
7. Options may be transferred in the form commonly used for the transfer of options at any time until the expiry of the Exercise Period, subject to any restrictions that may be imposed by ASX.
8. An optionholder may only participate in new issues of securities to holders of ordinary shares in the Company if the option has been exercised and shares allotted in respect of the option before the record date for determining entitlements to the issue. The Company must give prior notice to the optionholder of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules.
9. If there is a bonus issue to the holders of ordinary shares in the capital of the Company, the number of ordinary shares over which the option is exercisable will be increased by the number of ordinary shares which the holder of the option would have received if the option had been exercised before the record date for the bonus issue.
10. If the Company makes a rights issue (other than a bonus issue), the exercise price of options on issue will be reduced according to the following formula:

$$A = O - \frac{E [P - (S + D)]}{(N + 1)}$$

Where:

- A = the new exercise price of the option;
 - O = the old exercise price of the option;
 - E = the number of underlying ordinary shares into which one option is exercisable;
 - P = the average closing sale price per ordinary share (weighted by reference to volume) recorded on the stockmarket of ASX during the five trading days immediately preceding the ex rights date or ex entitlements date (excluding special crossings and overnight sales and exchange traded option exercises);
 - S = the subscription price for a security under the pro rata issue;
 - D = the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro rata issue); and
 - N = the number of securities with rights or entitlements that must be held to receive a right to one new security.
11. If, during the currency of the options the issued capital of the Company is reorganised, those options will be reorganised to the extent necessary to comply with ASX Listing Rules.

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