

# **HIRE INTELLIGENCE INTERNATIONAL LIMITED**

ACN 098 210 121

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## **NOTICE OF ANNUAL GENERAL MEETING**

**and**

## **EXPLANATORY MEMORANDUM**

**and**

## **PROXY FORM**

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Date of Meeting: Friday, 11<sup>th</sup> November 2011

Time of Meeting: 10.00 am (WST)

Place of Meeting: Unit 2  
110 Jersey Street  
JOLIMONT WA 6014

*This Notice of Annual General Meeting and Explanatory Memorandum should be read in their entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.*

# HIRE INTELLIGENCE INTERNATIONAL LIMITED

ACN 098 210 121

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of shareholders of Hire Intelligence International Limited ACN 098 210 121 ("**Hire Intelligence**" or "**Company**") will be held at Unit 2, 110 Jersey Street, Jolimont, Western Australia on Friday, 11<sup>th</sup> November 2011, commencing at 10.00 am (WST).

The Explanatory Memorandum that accompanies and forms part of this Notice of Annual General Meeting describes the various matters to be considered.

Terms used in this Notice of Annual General Meeting will, unless the context otherwise requires, have the same meaning given to them in the Glossary of Terms as contained in the Explanatory Memorandum.

## AGENDA

### FINANCIAL REPORTS

To receive and consider the Financial Report and the Reports of the Directors and Auditor of the Company and its controlled entities for the year ended 30 June 2011.

### RESOLUTIONS

#### 1. RE-ELECTION OF MR THOMAS RONALD CRAGE AS DIRECTOR

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, Thomas Ronald Crage, who retires in accordance with rule 3.6 of the Company's Constitution and being eligible offers himself for re-election, be elected as Non Executive Chairman."*

#### 2. APPROVE AMENDMENTS TO DIVIDEND PROVISIONS OF THE CONSTITUTION

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That Shareholders of the Company approve the amendment to the Company Constitution as summarised in the Explanatory Statement"*.

#### 3. GRANT OF OPTIONS TO THE MANAGING DIRECTOR

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, approval is given for the Directors to allot and issue to Mr Keegan Crage or his nominee, 5,000,000 Options on the terms and conditions set out in Annexure A to the Explanatory Statement"*

#### **Voting Exclusion Statement**

<p>The Company will in accordance with section 224 of the Corporations Act 2001 disregard any votes cast on this Resolution 3 by Mr Keegan Crage (or his nominee) or any of his associates. However, the Company need not disregard a vote if:</p>
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(a) it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or

(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 Proxy Form to vote as the proxy decides.

#### **4. ADOPTION OF THE REMUNERATION REPORT**

To consider and if thought fit, to pass, with or without amendment, the following non-binding resolution:

*"That the Remuneration Report, which forms part of the Director's Report for the year ended 30 June 2011, be adopted."*

#### **Other Business**

To transact any other business which may be properly brought before the meeting in accordance with the Company's Constitution and the Corporations Act.

#### **BY ORDER OF THE BOARD**

Keegan Cragge  
Company Secretary

Dated: 16<sup>th</sup> September 2011

## **PROXY AND VOTING ENTITLEMENT INSTRUCTIONS**

### **PROXY INSTRUCTIONS**

Shareholders are entitled to appoint up to two individuals to act as proxies to attend and vote on their behalf. Where more than one proxy is appointed each proxy may be appointed to represent a specific proportion of the Shareholder's voting rights. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be deposited at or sent by facsimile transmission to the registered office of **Hire Intelligence International Limited at 110 Jersey Street, WA 6014, facsimile number +61 8 9284 1266**, not less than 48 hours before the time for holding the Meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

The proxy form must be signed by the Shareholder or his/her attorney duly authorised in writing or, if the Shareholder is a corporation, in a manner permitted by the Corporations Act.

The proxy may, but need not, be a Shareholder of Hire Intelligence.

In the case of shares jointly held by two or more persons, all joint holders must sign the proxy form.

A proxy form is attached to this Notice.

### **VOTING ENTITLEMENT**

For the purposes of determining voting entitlements at the Annual General Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 5.00 pm WST on Wednesday, 9<sup>th</sup> November 2011. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

**HIRE INTELLIGENCE INTERNATIONAL LIMITED**  
**ACN 098 210 121**

**EXPLANATORY MEMORANDUM**

This Explanatory Memorandum has been prepared for the information of Shareholders of Hire Intelligence International Limited ("**Hire Intelligence**" or "**Company**") in connection with the business to be conducted at the Annual General Meeting of shareholders to be held at Unit 2, 110 Jersey Street, Jolimont, Western Australia on Friday, 11<sup>th</sup> November 2011 commencing at 10:00 am (WST).

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Annual General Meeting.

**1. FINANCIAL REPORT**

The first item of the Notice of Annual General Meeting deals with the presentation of the Financial Report and the Reports of the Directors and Auditor of the Company for the year ended 30 June 2011. Elements of the Financial Report are detailed in the Audit Report on pages 63 - 64 of the Annual Report. Shareholders should consider these documents and raise any matters of interest with the Directors when this item is being considered.

A representative of the Company's auditor, BDO, will be in attendance at the meeting to answer any questions relevant to the conduct of its audit and the preparation and content of its auditor's report.

No resolution is required to be moved in respect of this item.

**2. RESOLUTION 1 – RE-ELECTION OF MR THOMAS RONALD CRAGE AS DIRECTOR**

Mr Thomas Ronald Crage was appointed as Executive Director of the Board of Directors in September 2001. He is required to retire at the Annual General Meeting in accordance with rule 3.6 of the Company's Constitution. Mr Crage, being eligible, has offered himself for election as Non Executive Chairman.

**The Directors (excluding Mr Thomas Crage) recommend that Shareholders vote in favour of resolution 1.**

**3. RESOLUTION 2 – APPROVE THE UPDATED CONSTITUTION**

The proposed amendments to the Constitution are set out below. Copies of the existing Constitution and the Constitution incorporating the proposed amendments are available by contacting the Company Secretary.

The purpose of the amendments is to align the Company's Constitution with the amendments to the *Corporations Act 2001* relating to the payment of dividends by a company. Previously a company could only pay dividends out of company profits. The *Corporations Amendment (Corporate Reporting Reform) Act 2010* has replaced this requirement on and from 28 June 2010, so that a company may only pay a dividend if all of the following three tests would be met if the proposed dividend were paid:

- a) Balance Sheet test: The Company's assets must exceed its liabilities immediately before the dividend is declared and the excess must be sufficient for the payment of the dividend.

- b) Fair to shareholders: The payment of the dividend must be fair and reasonable to the Company's shareholders as a whole.
- c) No material prejudice to creditors: The payment of the dividend must not materially prejudice the Company's ability to pay its creditors.

References in the Company's Constitution to dividends being paid out of profits are therefore no longer consistent with the *Corporations Act* and are inappropriate as their retention may require the Company to comply with the "profits test" in addition to the above tests. The proposed amendments to the Constitution are designed to resolve these issues.

*Proposed Amendment to the Constitution* : Article 27.2 to be amendment to read as follows:

**Article 27.2 - Dividends to be declared in accordance with the Corporations Act**

The Company may declare a dividend provided such declaration is in accordance with the provisions of the Corporations Act. The Company does not incur a debt merely by fixing the amount or time for payment of a dividend. A debt arises only when the time fixed for payment arrives. The decision to pay a dividend may be revoked by the Board at any time before then. A resolution of the Board as to the amount available for dividend is conclusive.

**The Directors recommend that Shareholders vote in favour of resolution 2.**

**3. RESOLUTION 3 – GRANT OF OPTIONS TO THE MANAGING DIRECTOR**

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval, unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

The offer of Options to the Related Party form part of the Company's long term incentive objectives to encourage Directors to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through share ownership. The number of Options to be issued to the Managing Director has been determined based on factors such as length of service, continuity of executive management, significant contribution to the Company's success and to provide ongoing equity incentives to advance the Company and its assets. Furthermore, the grant of Options, are viewed as a cost effective and efficient reward and incentive of the Company as opposed to alternative forms of incentive, such as the payment of additional cash compensation to Directors.

The Board considers the number of options issued to directors will ensure that overall Director emoluments remain competitive with market standards.

**INFORMATION REQUIREMENTS (CHAPTER 2E OF THE CORPORATIONS ACT AND ASX LISTING RULE 10.11)**

Pursuant to and in accordance with the requirements of Sections 217 to 227 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Options:

- (a) the related party is Mr Keegan Cage (Managing Director)
- (b) the maximum number of Options (being the nature of the financial benefit being provided) to be granted to the Related Party is 5,000,000 Employee Options to Mr Keegan Cage;
- (c) the Options will be granted to the Related Parties no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Options will be issued on one date;
- (d) the Options will be granted for nil cash consideration, accordingly no funds will be raised;
- (e) the terms and conditions of the Options are set out in Annexure A;
- (f) the value of the Options and the pricing methodology is set out in Annexure B;
- (g) the relevant interests of the Related Party in securities of the Company are set out below;

Director	Number of Shares	Number of Options
Mr Keegan Cage	Nil	Nil

- (h) the remuneration and emoluments from the Company to the Related Parties for the previous financial year are set out below:

Director	Prior Financial Year	Current Financial Year
Mr Keegan Cage	\$248,268	\$327,000

- (i) if the Options granted to the Related Party are exercised, a total of 5,000,000 Shares would be allotted and issued. This will increase the number of Shares on issue from 77,032,958 to 82,032,958 (assuming that no other Options are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 6.09%.

The market price for Shares during the term of the Options would normally determine whether or not the Options are exercised. If, at any time any of the Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Options, there may be a perceived cost to the Company.

- (j) the trading history of the Shares on ASX since the start of the prior financial year before the date of this Notice of General Meeting is set out below:

	Price	Volume	Value	Date
Highest	0.14	38,000		09 Feb 2011
Lowest	0.055	191,800		16 Aug 2010
Last	0.13	2,600		19 Aug 2011
Total		695,614	\$59,538	
Number of trades	19			
Weighted Average	8.5 cents			

- (k) the primary purpose of the grant of Options to the Related Party is to provide cost effective consideration to the Related Party for their ongoing commitment and contribution to the Company in the role as Managing Director. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options upon the terms proposed;

- (l) Mr Keegan Cage declines to make a recommendation to Shareholders in relation to Resolution 3 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 3, recommend that Shareholders vote in favour of Resolution 3. The Board (other than Mr Keegan Cage) is not aware of any other information that would be reasonably required by Shareholders to allow

them to make a decision whether it is in the best interests of the Company to pass the Resolution;

**Voting Exclusion Statement**

The Company will disregard any votes cast on this Resolution by Mr Keegan Cragg (or his nominee) or any of his associates. However, the Company need not disregard a vote if:

(a) it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or

(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 Proxy Form to vote as the proxy decides.

**The Directors (excluding Keegan Cragg) recommend that Shareholders vote in favour of resolution 3.**

**5. RESOLUTION 4 - ADOPTION OF THE REMUNERATION REPORT**

Pursuant to the introduction of CLERP 9 from 1 July 2004 the Directors of Hire Intelligence International Limited have elected to adopt and present, for shareholder consideration, the Remuneration Report which forms part of the Directors Report included in the 2011 Annual Report.

Details of director and executive remuneration are clearly explained in the Remuneration Report (refer pages 6 - 10 of the Annual Report). The resolution on the Remuneration Report is advisory only and in no way binds the Directors of the Company. However, the Board will take the outcome of the vote into consideration when reviewing remuneration practices and policies.

**The Directors recommend that Shareholders vote in favour of resolution 4.**

## 5. QUESTIONS AND COMMENTS BY SHAREHOLDERS AT THE MEETING

In accordance with the Corporations Act 2001, a reasonable opportunity will be given to shareholders to ask questions about or to make comments on the management of Hire Intelligence International Limited at the meeting.

Similarly a reasonable opportunity will be given to shareholders to ask the external auditor, BDO, questions relevant to:

- the conduct of the audit;
- the preparation and content of the auditor's report;
- the accounting policies adopted in relation to the preparation of the Company's Financial Statements, and;
- the independence of the auditor in relation to the conduct of the audit.

Shareholders may also submit relevant written questions to BDO. These must be received by mail or facsimile at the Company's registered office by no later than 5.00 pm WST on Wednesday, 9<sup>th</sup> November 2011.

## 6. GLOSSARY OF TERMS

In this Explanatory Memorandum and Notice of Annual General Meeting the following expressions have the following meanings:

"**ANNUAL REPORT**" means the Annual Report dated 30 June 2011. The Annual Report is available on request from the company directly or is available for download on [www.hire-intelligence.com.au](http://www.hire-intelligence.com.au).

"**ASX**" means Australian Stock Exchange Limited.

"**Board**" means the board of Directors.

"**Company**" or "**Hire Intelligence**" means Hire Intelligence International Limited ACN 098 210 121.

"**Constitution**" means the constitution of Hire Intelligence from time to time.

"**Corporations Act**" means the Corporations Act 2001 (Cth).

"**Directors**" means the Directors of Hire Intelligence from time to time.

"**Explanatory Memorandum**" means the explanatory memorandum that accompanies and forms part of this Notice.

"**Meeting**" or "**Annual General Meeting**" means the annual general meeting of Shareholders convened by this Notice.

"**Notice**" or "**Notice of Annual General Meeting**" means the notice of annual general meeting which accompanies this Explanatory Memorandum.

"**Resolution**" means a resolution referred to in the Notice of Annual General Meeting.

"**Share**" means a fully paid ordinary share in the capital of the Company.

"**Shareholder**" means a person who is entered in the Company's register as a holder of Shares as at 5.00pm (WST) on 9<sup>th</sup> November 2011.

"**WST**" means western standard time.

## ANNEXURE A – Terms and Conditions of the Options

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Option holder the right to subscribe for one Share once the Shares have traded at or above \$0.28 (**Strike Price**) on 3 or more occasions.
- (b) The Options will expire at 5.00pm (WST) on 10<sup>th</sup> November 2016 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Option will be at \$0.10 (**Exercise Price**).
- (d) The Options held by each Option holder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) An Option holder may exercise their Options by lodging with the Company, before the Expiry Date:
  - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
  - (ii) electronic funds transfer for the Exercise Price for the number of Options being exercised;
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (h) The Options may be transferable subject to Board approval and compliance with the Corporations Act and the ASX Listing Rules (where applicable).
- (i) If any of the following events occur (**Trigger Event**):
  - (i) the Company is subject to a takeover bid;
  - (ii) the Company proposes a scheme of arrangement with its members under Part 5.1 of the Corporations Act; or
  - (iii) a person, or group of associated persons, becomes entitled to sufficient Shares to give him or them the ability, in general meeting, to replace all or a majority of the Board, where such ability was not already held by a person associated with such a person or group of persons, then the Board may:
    - (a) determine that Options may be exercised at any time from the date of such event so as to permit the holder to participate in the change of control arising from the event; or
    - (b) use its reasonable endeavours to procure that an offer is made to holder of Options on like terms to the terms proposed in such event.
- (j) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (k) The Company will not apply for quotation of the Options on ASX. However, The Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares. To the extent any Shareholder or regulatory approval is required by the Company for the issue of any Shares the subject of any exercise notice (**Approval**), the Company shall use its best endeavours to seek the Approval and upon receipt, the Company will allot the relevant Shares within five (5) Business Days following Approval.
- (l) If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (m) There are no participating rights or entitlements inherent in the Options and Option holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the number of Options available will increase pro rata with a new issue of capital and the price will be adjusted according to the formula prescribed in the scheme. The Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (n) A Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

## **ANNEXURE B - Valuation of Options**

The Company has valued the Options to be issued to the Related Party using the Binomial Option pricing model and based on the following assumptions:

- (a) The Options expire 5 years after Grant date (assumed 11<sup>th</sup> November 2011);
- (b) The strike price of the Options is \$0.28;
- (c) The underlying security spot price per share is \$0.10 based on the most recent off-market transfer of shares at \$0.10;
- (d) An annualised volatility of 65% based on the Garch (1,1) method of calculating volatility;
- (e) Dividend yield 10% based on 1 cent dividend for the year to 30 June 2011 and a spot price of \$0.10;
- (f) Risk free rate 4.75% based on 5 year Australian government bond rate
- (g) The valuations ascribed to the various Options may not necessarily represent the market price of the Options at the date of valuation; and
- (h) The valuation date for the Options is 15/9/2011.

Based on the above the Options have been valued at \$0.014 each. Accordingly, the total value of Options to be issue to each director is as follows:

Director	Value
Mr Keegan Crago	\$70,000

**HIRE INTELLIGENCE INTERNATIONAL LIMITED**  
**ACN 098 210 121**

**PROXY FORM**

The Company Secretary  
Hire Intelligence International Limited  
Unit 2  
110 Jersey Street  
Jolimont WA 6014  
Australia

Fax Number: +61 8 9284 1266 (mark for the attention of Keegan Crago).

I/We \_\_\_\_\_

of \_\_\_\_\_

being a shareholder/(s) of Hire Intelligence International Limited ("**Hire Intelligence**") and entitled to

\_\_\_\_\_ shares in Hire Intelligence

hereby appoint \_\_\_\_\_

of \_\_\_\_\_

or failing him/her \_\_\_\_\_

of \_\_\_\_\_

or failing him/her the Chairman as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of Hire Intelligence to be held at, Unit 2, 110 Jersey Street, Jolimont, Western Australia on Friday, 11<sup>th</sup> November 2011 commencing at 10.00 am and at any adjournment thereof in respect of \_\_\_\_\_ of my/our shares or, failing any number being specified, **ALL** of my/our shares in Hire Intelligence.

If two proxies are appointed, the proportion of voting rights this proxy is authorised to exercise is [ ]%.  
(An additional proxy form will be supplied by Hire Intelligence on request.)

If you wish to indicate how your proxy is to vote, please tick the appropriate places below. If no indication is given on a resolution, the proxy may abstain or vote at his or her discretion.

I/we direct my/our proxy to vote as indicated below:

	FOR	AGAINST	ABSTAIN
1. Re - Election of Thomas Ronald Crago as Chairman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Approve the updated Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Grant of Options to the Managing Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Proxies given by a natural person must be signed by each appointing shareholder or the shareholder's attorney duly authorised in writing. Proxies given by companies must be executed in accordance with section 127 of the Corporations Act or signed by the appointor's attorney duly authorised in writing. The Chairman intends to vote all undirected proxies in favour of all Resolutions.

If you do not wish to direct your proxy how to vote, please place a mark in this box.

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.

As witness my/our hand/s this            day of

2011

**If a natural person:**

**Signed by:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature (if joint holder)

\_\_\_\_\_  
Print name in full

\_\_\_\_\_  
Print name in full

**If a company:**

**The Common Seal of**  
was affixed in the presence of:

\_\_\_\_\_  
Signature of Director

\_\_\_\_\_  
Signature of Directory/Secretary

\_\_\_\_\_  
Name of Director in full

\_\_\_\_\_  
Name of Directory/Secretary in full

**If by power of attorney:**

**Signed** for and on behalf of  
by  
under a Power of Attorney dated \_\_\_\_\_ and  
who declares that he/she has not received any revocation  
of such Power of Attorney in the presence of:

\_\_\_\_\_  
Signature of Attorney

\_\_\_\_\_  
Signature of Witness

\_\_\_\_\_  
Name of Attorney in full

\_\_\_\_\_  
Name of Witness in full