
PHOTO-ME AUSTRALIA LTD

ABN 73 110 184 355

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Statements and Proxy Form

TIME 4pm WST

DATE Thursday, 26 November 2009

PLACE Level 7
 1 William Street
 PERTH WA 6000

This Notice of Meeting and Explanatory Statement should be read in its entirety.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the proxy form are part of this Notice of Meeting. Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

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.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (08) 9463 2463.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the 2009 Annual General Meeting of Shareholders of Photo-Me Australia Ltd will be held at Level 7, The Quadrant, 1 William Street, Perth, Western Australia at 4pm WST on Thursday, 26 November 2009.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at the close of business on Tuesday, 24 November 2009.

Auditor

Mr James Mooney of PKF Chartered Accountants will be in attendance by telephone at PKF, Level 14, 140 William Street, Melbourne, VIC.

AGENDA

Reports and Accounts

To receive the financial report of the Company for the year ended 30 June 2009, together with the directors' report and the auditor's report.

Resolution 1 - Adoption of Remuneration Report (Non-binding)

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

"That, for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, the Company adopts the Remuneration Report."

Resolution 2 - Re-election of Mr Vincent Mathieu

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

"That Mr Vincent Mathieu, being a Director, retires by rotation in accordance with ASX Listing Rule 14.4 and the Company's Constitution and, being eligible, is hereby re-elected as a Director."

Resolution 3 - Ratification of an Issue of 7,500,000 Shares

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

"That, in accordance with Listing Rule 7.4 of the Listing Rules of ASX Limited, shareholders ratify the allotment and issue on 7th January 2009 of 7,500,000 Shares in the capital of the Company at a deemed price of 4 cents each equating to \$300,000 for working capital purposes."

Voting Exclusion:

The Company will disregard any votes cast on this Resolution by any person who participated in the issue and any person who obtained a benefit, except a benefit solely in the capacity of a shareholder, or any associate of those persons. However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or
- (b) it is cast by a person chairing that meeting as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form to vote as the proxy decides.

NOTICE OF ANNUAL GENERAL MEETING

Resolution 4 – Approval of Entitlements Issue

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 7.11.3, approval is given for the Company to proceed with a non-renounceable entitlement issue of fully paid ordinary shares on the basis of 2 new Shares for every 1 Share held by a Shareholder on the Record Date at an issue price of 0.5 cents per Share on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

Voting Exclusion:

The Company will disregard any votes cast on this Resolution by a substantial holder of the Company (as that term is defined in the Listing Rules) and any proposed underwriter or sub-underwriter of the Entitlement Issue and any associate of those persons. However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or
- (b) it is cast by a person chairing that meeting as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form to vote as the proxy decides.

Important Notes

1. For further information and explanation of the above resolutions, please refer to "Explanatory Statement" which is annexed to and forms part of this Notice of Annual General Meeting.
2. All resolutions are required pursuant to the provisions of the Listing Rules of ASX Ltd, the Constitution of the Company and the Corporations Act.

DATED: 27 OCTOBER 2009

BY ORDER OF THE BOARD

TJ SPOONER

COMPANY SECRETARY

PHOTO-ME AUSTRALIA LTD

Voting Exclusion Note:

Where a voting exclusion applies, the Company need not disregard a vote if 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 it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

EXPLANATORY STATEMENT

This Explanatory statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at Level 7, 1 William Street, Perth, Western Australia at 4pm WST on Thursday, 26 November 2009.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the resolutions in the Notice of Meeting.

RESOLUTION 1 - REMUNERATION REPORT (NON-BINDING RESOLUTION)

In accordance with Section 250R(2) of the Corporations Act, the Company must put a resolution that the Remuneration Report be adopted to vote at the Annual General Meeting. The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

The Remuneration Report includes all of the information required by Section 300A of the Corporations Act, including:

- a) board policy for determining, or in relation to, the nature and amount (or value, as appropriate) of remuneration of Directors, secretaries and senior managers of the Company;
- b) discussion of the relationship between such policy and the Company's performance; and
- c) the prescribed details in relation to the remuneration of each Director and certain executives.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

RESOLUTION 2 - RE-ELECTION OF MR VINCENT MATHIEU

The Company's Constitution provides that Mr Vincent Mathieu retires by rotation. Mr Vincent Mathieu has offered himself for re-election as a Director of the Company.

In accordance with ASX Listing Rule 14.4 and the Constitution, one third of the Directors must retire by rotation at every annual general meeting. Accordingly, Mr Mathieu retires by rotation and being eligible for re-election, offers himself for reelection at the Meeting. Details regarding Mr Vincent Mathieu are set out in the Company's 2009 Annual Report.

RESOLUTION 3 - RATIFICATION OF AN ISSUE OF 7,500,000 SHARES

Background

In accordance with ASX Listing Rule 7.4, the Directors are seeking ratification from shareholders of the allotment and issue of 7,500,000 Shares on 7th January 2009 ('the Placement') and for the purposes of Listing Rule 7.5 provide the following additional information: 7,500,000 shares were issued at an issue price of 4 cents each equating to \$300,000 raised for working capital purposes; the Shares issued rank *pari passu* with all existing Shares in the capital of the Company. 3,900,000 and 3,600,000 Shares were issued to Mr N Di Iorio and to Oceanside Securities Pty Ltd (David Wee Investment Account) respectively; total funds raised from the issue amounted to \$300,000.

Listing Rule Requirements

Listing Rule 7.1 requires that a listed company obtain shareholder approval prior to the issue of securities representing more than 15% of the issued capital of that company in any 12 month period. Listing Rule 7.4 states that an issue by a company of securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the company's members subsequently approve it. By obtaining Shareholder approval, the Company will retain the flexibility to issue 15% of the Company's issued share capital in any twelve (12) months without first obtaining Shareholder approval. The Shares issued pursuant to the Placement comprise approximately 13.65% of the Company's share capital (calculated following completion of the Placement).

The Board believes that the ratification of the Placement is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 3 as it allows the Company to ratify the above issue of Shares and retain the flexibility to issue further securities representing up to 15% of the Company's share capital during the next 12 months.

RESOLUTION 4 APPROVAL OF ENTITLEMENTS ISSUE

Purpose of Entitlement Issue

Resolution 4 seeks Shareholder approval for a pro-rata non-renounceable Entitlement Issue of securities to Shareholders who are registered on the Record Date.

The offer is proposed to be made on the basis that for every 1 Share held as at the record date, Shareholders as Eligible Participants will have the right to subscribe for 2 new Shares at an issue price of 0.5 cents pursuant to a prospectus. Based on the capital structure of the Company at the date of this Notice, approximately 183,314,300 Shares will be offered to raise up to approximately \$916,572 (before expenses).

The Entitlement Issue will be made on a non-renounceable basis such that Eligible Participants may not sell or transfer all or any part of their entitlement. The Entitlement Issue is not underwritten.

The funds raised by the Entitlement Issue will be used to fund the further roll out of Internet booths to be located in various Westfield Shopping Centres and to provide working capital for the Company. The Company considers that the funds raised from the Entitlement Issue will provide sufficient capital for it to fund the further roll out of Internet booths and also for the current working capital requirements of the Company.

Shareholder Approval

ASX Listing Rule 7.11.3 does not allow a company to offer a pro-rata Entitlement Issue of securities that is greater than 1 security for each security held unless the offer is renounceable (that is, the rights may be traded as a separate entitlement before the closing date of the Entitlement Issue).

The Company has a commercial need for funds beyond what is obtainable on a 1 for 1 basis. Accordingly, the Company applied for and ASX has granted on 29 September 2009 a waiver from Listing Rule 7.11.3 to allow the Company to proceed with the Entitlement Issue as proposed.

The waiver was granted on condition that the Company obtains Shareholder approval for the issue and that the notice of meeting contains a voting exclusion statement excluding the votes cast on the resolution by all substantial shareholders of the Company (as that term is defined in the Listing Rules) and any proposed underwriter or sub-underwriter of the Entitlement Issue. The substantial Shareholders of the Company whose votes will be excluded are Oceanside Securities Pty Ltd (David Wee Property Investment Trust); Photo-Me International PLC; Serec Pty Ltd and VA Enterprises Technologies Pty Ltd.

In addition to the information set out above, the Company provides the following information:

- (a) based on the Company's current share capital, the total number of Shares to be issued under the Entitlement Issue will be approximately 183,314,300 Shares. The actual number of Shares that are issued on completion of the Offer will depend on whether any of the existing option holders exercise their options into Shares before the record date determining entitlements;
- (b) the Company will raise approximately \$916,572 from the Entitlement Issue and these funds will be used:
 - (i) to conduct further expansion of the Company's Internet booths of \$300,000;
 - (ii) to settle the loan amount outstanding to Photo-Me International Plc of \$700,100 plus accrued interest by the payment of \$100,000 in full and final settlement;
 - (iii) to pay for the expenses of the issue of estimated to be in the order of \$25,000; and
 - (iv) for general working capital of \$491,572.
- (c) the Entitlement Issue offer will be made under a prospectus to be sent to Shareholders;
- (d) the issue price of 0.5 cents will enable small Shareholders to maintain their proportionate holding in the Company without outlaying large sums and therefore not being significantly diluted; and
- (f) an indicative timetable for completion of the Entitlement Issue is set out below:

Lodgement of prospectus with ASIC and ASX	27 October 2009
Notice sent to Shareholders containing information required by Appendix 3B	29 October 2009
Ex Date	29 October 2009
Record Date for determining Shareholder entitlements	5 November 2009
Opening date and dispatch of prospectus to Shareholders	11 November 2009
Closing date of Entitlement Issue	25 November 2009
Shares quoted on deferred settlement basis	26 November 2009
Notify ASX of under-subscriptions	30 November 2009
Despatch date: Shares entered into Shareholders security holdings	2 December 2009

EXPLANATORY STATEMENT (Continued)

ASIC AND ASX'S ROLE

The fact that the accompanying Notice of Meeting, this Explanatory Statement and other relevant documentation has been received by ASX is not to be taken as an indication of the merits of the Resolutions. ASX and its respective officers take no responsibility for any decision a shareholder may have in reliance on any of that documentation.

ATTENDANCE AND VOTING ELIGIBILITY

For the purposes of the meeting, securities will be taken to be held by the persons who are registered holders at 4pm on Tuesday 24 November 2009. Accordingly transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

PROXIES

A Shareholder entitled to attend and vote at the Annual General Meeting convened by the above Notice of Meeting is entitled to appoint not more than 2 proxies to attend and, on a poll, to vote in his or her stead. Where 2 proxies are appointed and the appointment does not specify the proportion or number of votes that each proxy may exercise, each proxy may exercise one half of the votes of the Shareholder. A proxy need not be a Shareholder.

Please complete and sign the proxy form enclosed and either:

- a) send the proxy form by post to Photo-Me Australia Ltd, GPO Box 2570, Perth, Western Australia, 6865; or
- b) send the proxy form by facsimile to the Company on facsimile number (08) 9463 2499,

so that it is received not later than 4pm WST on Tuesday, 24 November 2009.

Proxy forms received later than this time will be invalid.

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important. To vote in person, attend the Annual General Meeting on the date and at the place set out above.

GLOSSARY

2009 Annual Report means the Company's annual report for the year ended 30 June 2009, which can be downloaded from the Company's website at www.photo-me.com.au

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the Board of Directors.

Company or **Photo-Me** means Photo-Me Australia Ltd (ABN 73 110 184 355).

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.

Eligible Participant means Shareholders who are registered on a specified record date who are entitled to subscribe under the Entitlement Issue offer.

Placement means the placement by the Company of 7,500,000 Shares and issued to sophisticated investors to raise \$300,000, the subject of Resolution 3.

Record Date means the record date for the Entitlement Issue, being on or about 5 November 2009.

Entitlement Issue means the proposed offer by the Company of a pro rata non-renounceable entitlement Issue on the basis of 2 new Shares for every 1 Share held as at a record date at an issue price of 0.5 cents per Share.

Share means a fully paid ordinary share in the Company.

Shareholder means a shareholder of the Company.

WST means Western Standard Time.

Photo-Me Australia Limited

ABN 73 110 184 355

PROXY FORM

The Company Secretary
Photo-Me Australia Ltd
Level 7, 1 William Street, Perth, WA, 6000
Facsimile: (+618) 9463 2499
Email: tj.spooner@mgiperth.com.au

I/We _____

of _____

being a member/(s) of Photo-Me Australia Ltd and entitled to attend and vote,

appoint _____

(full name)

or failing him/her, or if no person is named, the Chairperson of the meeting or the Chairperson's nominee, to vote in accordance with the following directions, if no directions have been given, as the proxy sees fit, at the Annual General Meeting of the Company to be held on Thursday, 26 November 2009 at 4pm. and at any adjournment of the meeting and to demand a poll.

IMPORTANT

If the Chairman of the Meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of a resolution, please place a mark in this box

By marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of the resolutions and that votes cast by the Chairman of the meeting for those resolutions other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman will not cast your votes on the resolutions and your votes will not be counted in calculating the required majority if a poll is called on the resolution. The Chairman of the Meeting intends to vote undirected proxies in favour of each resolution.

Instructions as to Voting

If you wish to instruct your proxy how to vote with respect to the proposed resolutions, please tick or otherwise mark the appropriate box opposite each item below.

	FOR	AGAINST	ABSTAIN
1. Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Election of Mr Vincent Mathieu as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Ratification of an issue of 7,500,000 shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Approval of Entitlements Issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<p>Dated:</p> <p>Individuals or Joint Holders</p> <p>_____</p> <p>(Signature)</p> <p>_____</p> <p>(Signature)</p>	<p>Companies (affix common seal if appropriate)</p> <p>_____</p> <p>Director</p> <p>_____</p> <p>Director/Secretary</p> <p>_____</p> <p>Sole Director and Sole Company Secretary</p>
---	---

Note:

This proxy form must be signed personally by the member or his attorney. A corporation must sign under its Common Seal (if applicable) or under the hand of its attorney and shall be duly attested by witnessing.