



NSX Limited

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Incorporating

NSX Limited

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National Stock Exchange of Australia Limited

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Bendigo Stock Exchange Limited

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BSX Services Pty Ltd (t/a) BSX Tax Markets

ABN 57 084 885 683

NSX Limited

Employee Incentive Scheme ("EIS")

Terms and Conditions

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Detail of the EIS

Key details of the Executive Options Component

The key details of the Options to be granted by the company to the Director(s) are as follows:

Director	Number of Options	Price per Option	Exercise Price	Expiry Date	Vesting Period	Performance Hurdles	Grant Date
Richard Symon	413,971	No consideration is payable in respect of the grant of the Options.	\$0.50 cents per option	On or before 15th October 2017	3 years from Grant date	A combination of Revenue Growth Earnings before Interest and Tax and Total Shareholder Return Improvement	15 th October 2007

A further 737,387 Options will be granted to other Executives of NSX on terms similar to the above, except for the Grant date which will be the 16th October 2007.

Key details of the Employee Share Component

The key details of the Shares under the EIS to be granted by the company to the Director(s) are as follows:

Director	Number of Shares	Value of Shares	Price per Share	Vesting Period	Performance Hurdles	Grant Date
Richard Symon	11,628	\$5,000	No consideration is payable in respect of the grant of the Shares.	3 years from Grant date	A combination of Revenue Growth Earnings before Interest and Tax and Total Shareholder Return Improvement	15 th October 2007

The value of the shares is based on a price of \$0.43 per share.

A further 34,884 of Shares will be granted to other executives and employees of NSX on terms similar to the above.

A summary of the further terms and conditions of the Options and Shares follow.

Corporations Act Chapter 2E

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. Section 208 of the Corporations Act prohibits a public company giving a financial benefit to a related party unless of a number of exceptions applies.

A financial benefit is defined in the Corporations Act in broad terms and includes a public company issuing securities.

For further purposes of Chapter 2E, each Director is a related party by virtue of the fact that they are directors of the company and the grant of Options by the Company constitutes the giving of a financial benefit.

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

- (a) obtain the approval of members in the way set out in sections 217 to 227; and
- (b) give the benefit within 15 months after the approval.

The company is seeking Shareholder approval for the purposes of Chapter 2E of the Corporations Act in respect if the Options to be granted to the Directors pursuant to Resolutions 3 and 4 of the Annual General Meeting.

Prescribed information

Section 219 of the Corporations Act sets out a number of matters which must be included in a notice of meeting seeking an approval under section 208. For the purposes of section 219, the following information is provided in relation to Resolutions 5 to 9 of the Annual General Meeting:

- (a) The related parties to whom the financial benefits are to be given are the Directors of the Company, being Mr. Richard Symon.
- (b) The nature of the financial benefit to be given to Mr Symon is the grant of 413,971 Options, and 11,628 Shares worth \$ 69,000.
- (c) The total value of Options and Shares to be granted to the Director(s) is as follows:

Director(s)	Value of Options	Value of Shares
Richard Symon	\$64,000	\$5,000

The option amount has been calculated based on \$0.1564 per Option. Further details regarding the basis of this valuation are contained in this Explanatory Statement.

- (a) As at the date of this Explanatory Statement, the Director(s), and their associates, have a relevant interest in the following securities of the Company:

Director(s)	Ordinary Shares	Consideration
Richard Symon	35,000	Purchased on market by the Director at various market prices.

- (b) If the Options and Shares the subject of Resolutions of the Annual General Meeting are issued to the Director(s) and are exercised, the Director(s) and their associates will have a relevant interest in the following securities of the Company:

Director(s)	Ordinary	%
Richard Symon	460,599	0.93

- (c) If the Options and Shares the subject of Resolutions of the Annual General Meeting are issued to the Director(s) and exercised by them, the Company's fully paid share capital will be diluted by 0.86%.

- (d) The Director(s) currently receive the following remuneration from the Company.

Director	Salary \$	Directors Fees \$	Super \$	Other \$	Total \$
Richard Symon	230,000	0	21,000	0	251,000

Other than as stated above, the Director(s) do not receive any other remuneration or emoluments from the Company.

- (e) The primary purpose of the grant of the Options and Shares is to provide an incentive for the Directors to maintain their future involvement, commitment and loyalty to the Company. The issue of the Options and Shares will also act as a strong incentive to align the Director(s) interests with the Company's strategic plan of seeking improved performance, growth and better returns for Shareholders. Given the purpose, the Director(s) do not consider that there is any opportunity cost or benefit foregone to the Company in granting the Options proposed by Resolutions of the Annual General Meeting. The Director(s) consider that the incentive represented by the grant of the Options, is a cost effective and efficient incentive when compared to other forms of incentive such as cash, bonuses or greater remuneration.
- (f) Neither the Director(s) nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision whether it is in the best interests of the Company to vote in favour of Resolutions of the Annual General Meeting other than as set out above.

Valuation of the Options

The Directors have sought an independent indicative valuation for the Options to be granted to them pursuant to Resolutions of the Annual General Meeting. This valuation has been undertaken by Remuneration Strategies Group.

Using the Black Scholes Merton option model, with a 250 step binomial variation, in accordance with accounting standard AASB2, the Options have been ascribed a value of \$.1546 per Option. The assumptions that were used in respect of the indicative valuation were as follows:

Description	
Share Price	\$0.43
Strike Price	\$0.50
Call Life	10 years
Vesting Period	3 years
Vesting Price	\$0.00
Volatility	47.6155% p.a.
Risk-Free Rate	6.40% p.a.
Lost Dividend Yield	5% p.a.
Staff Turnover	5% p.a.
Exercise Multiple	2
Marginal Tax Rate	30% p.a.
Call Option Value	\$0.1546
After Tax Cost	\$0.1083
Pre Tax Value	\$0.2209

Terms and conditions of the Options Component

The terms and conditions are as follows:

- (a) No consideration is payable in respect of the grant of the Options.
- (b) The exercise price payable upon the exercise of each Option is \$0.50.
- (c) Each Option is exercisable on or before 15/10/2017.
- (d) The options will be issued each year with a rolling three (3) year vesting period based on a pre-agreed percentage of salary.
- (e) The options will vest after three (3) years from the date of grant, provided the required Performance hurdles have been achieved and subject to Directors approval.
- (f) The performance hurdles required for the options is a weighted combination of various strategies, including new listings, exchanges, shareholder and revenue streams created.
 - (i) The Performance Hurdles are to be measured, annually and averaged over the three (3) year period.
 - (ii) If the required performances are not achieved, Director(s) have discretion to allow a partial exercise of shares.

- (g) Each Option will entitle the holder to subscribe for 1 Ordinary Share which will be issued by the Company within 5 Business Days of receiving written notice of exercise, together with the exercise price for the Option.
- (h) The Options will be exercisable by delivering to the registered office of the Company a notice in writing stating the intention of the option holder to exercise a specified number of Options, accompanied by an option certificate or holding statement, if applicable, and a cheque made payable to the Company for the subscription monies due, subject to the funds being duly cleared funds. The exercise of only a portion of the Options held does not affect the holder's right to exercise the balance of any Options remaining.
- (i) An Ordinary Share issued upon exercise of an Option will rank equally with all other Ordinary Shares on issue.
- (j) In the event of any reconstruction (including a consolidation, sub-division, reduction or return) of the issued capital of the Company, the Options and/or their exercise price will be reconstructed in the manner consistent with the Listing Rules of the ASX (as if the Company were a listed public company).
- (k) A certificate will be issued for the Options. If there is more than one Option on a certificate and prior to the expiry date those options are exercised in part, the Company will issue another certificate for the balance of the Options held and not yet exercised.
- (l) Pursuant to ASX Listing rule 6.19, Options carry no right to participate in new issues of securities to shareholders unless the options are exercised before the record date for determining entitlements to the relevant issue. Note: The ASX listing rule does not prevent an option holder from exercising an option and participating in a new issue if the option is exercisable at the time of the new issue.

Terms and conditions of the Employee Share Component

- (a) Financial assistance will be provided by the Company to the trustee to acquire Shares from the Company for the purposes of the plan.
- (b) Consideration is payable by the eligible participants (participants) from an interest free loan provided by the trustee.
- (c) The Shares will be acquired at their market value within 3 days of the AGM, provided approval is granted by shareholders of the Company.
- (d) There are no Vesting Conditions or Performance Hurdles attaching to these shares.
- (e) Under the Share Plan, the trustee of the plan will acquire Shares, allocate those Shares to participants. The trustee will provide Participants with an interest free, non-recourse loan, to acquire Share Units at the prevailing market value of the Shares.
- (f) The Shares will be either issued by the Company or purchased on market at the relevant price at date of purchase. The Shares will rank equally in all respects with the existing shares of the Company.
- (g) Any employee of the Company and its subsidiary companies will be entitled to participate in the Share Plan, as selected by the Board.
- (h) Share Units have entitlements to dividends and voting rights in the Company, by way of the plan trustee.

Definitions

In this Explanatory Statement and the Notices of Meetings:

ASIC means the Australian Securities and Investments Commission.

ASX means the Australian Securities Exchange operated by ASX Limited.

Board means the Directors of the Company.

Business Day means a day other than a Saturday, Sunday or a state-wide public holiday in Western Australia.

Company means NSX LTD ABN 33089447058.

Constitution means the constitution of the Company.

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

Director means a director of the Company.

EBIT means Earnings before Interest and Tax.

Explanatory Statement means this explanatory statement that accompanies the Notices of Meeting and which forms part of the Information Booklet.

General Meeting means the general meeting of Ordinary Shareholders to be held on 15th October 2007.

Gross Revenue means all sales and Gross Earnings of NSX.

Notice of Meeting means a notice of meeting relating to a Meeting.

NSX means NSX Limited

Option means an option to be issued to the Directors pursuant to Resolutions of the general Meeting, the terms of which are summarised in section of this Explanatory Statement.

Options Proposal means the proposed grant of Options to the Directors of the Company as set out in section of this Explanatory Statement.

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

Ordinary Shareholder means the holder of an Ordinary Share other than the Company.

Performance Hurdles means the performance indicators or targets for each Eligible Participant as determined by the Directors and set out in the Offer. Such hurdles must be met during the period between Date of Grant and the First Vesting Date for Vesting to occur. Failure to meet such hurdles during the specified period will result in the lapse of Options.

Proxy Form means a proxy form which accompanies the Information Booklet.

Record Date means on 15th October 2007.

Resolution means a resolution contained in a Notice of Meeting.

Share means an Ordinary Share.

Total Shareholder Return is calculated by taking the increase in value of the share price plus bonus share allocations plus the value of share rights allocations plus grossed up value of dividends distributed to shareholders per share over the set period; these values are then incorporated into a single shareholder value.

Vested Options means options which have vested in accordance with the plan and are able to be exercised.