



NSX LIMITED

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www.nsx.com.au
www.bsx.com.au
www.bsxtaximarket.com.au
www.waterexchange.com.au
www.neregistry.com.au
www.nlx.com.au

Incorporating

NSX Limited
ABN: 33 089 447 058
National Stock Exchange of Australia Limited
ABN: 11 000 902 063
Bendigo Stock Exchange Limited
ABN: 41 087 708 898
BSX Services Pty Ltd (t/a) BSX Tax Markets
ABN 57 084 885 683
The Waterexchange Pty Ltd
ABN 19 084 332 132

NOTICE OF MEETING AND EXPLANATORY NOTES

11 June 2009, 12.00 pm (Melbourne time), Waldron Room at the offices of Blake Dawson, Level 26, 181 William Street, Melbourne Victoria 3000

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION

You should read the whole of this document before you decide whether and how to vote on the resolutions in the Notice of Meeting. If you are in doubt as to what you should do, please consult your financial or other professional advisers.

CHAIRMAN'S LETTER

NSX Limited

ABN 33 089 447 058 (Company)

8 May 2009

Dear Shareholder

This Notice of Meeting and Explanatory Notes relates to the Requisition received by the Company on 15 April 2009 to remove the Board and to elect new Directors.

Each Director is entitled to put their case to Shareholders by providing the Company with a written statement for circulation to Shareholders and speaking to the motion at the general meeting. No written statements have been received.

The Board (other than Mr Peadon) opposes the Requisition. The reason for the opposition is not to maintain their current position, but because the requisitionists have not provided any business plans for improving the Company. The Board by majority prefers and recommend the proposed alliance with NZX Limited as announced to the ASX on 8 May 2009. The current Board is addressing the recognised problems facing the Company through the proposed strategic alliance with NZX and has no evidence from the requisitionists of any strategy or plan to improve shareholder value. The majority of the Board considers that approval of the Requisition has the potential to jeopardise the likelihood of completion of the NZX proposal and such approval is, in their opinion, therefore likely to be contrary to the future success and profitability of the Company.

Each Director (other than Mr Peadon) wishes to express in this Notice of Meeting his intention to resign from the Board at the conclusion of the meeting to be held to consider the NZX proposal, whether or not the NZX proposal is approved. The only reason these Directors (other than Mr Peadon) have stayed on the Board is to bring the NZX proposal to Shareholders and to recommend the NZX proposal to Shareholders.

I strongly urge you to read the Explanatory Notes in full and vote at the meeting.

I intend to vote all proxies over which I have discretion against the Resolutions relating to the Requisition.

If you are unable to attend the meeting on Thursday 11 June 2009, we ask that you complete and send your proxy form to the Company which must reach us by **12.00 pm** (Melbourne time) on **Tuesday 9 June 2009**.

Yours sincerely



Michael Costello
Chairman
NSX Limited

NSX Limited
ABN 33 089 447 058 (**Company**)

NOTICE OF MEETING

NOTICE IS GIVEN that an Extraordinary General Meeting of Shareholders of the Company will be held in the Waldron Room, at the offices of Blake Dawson, Level 26, 181 William Street, Melbourne Victoria 3000 on **Thursday 11 June 2009** at **12.00 pm** (Melbourne time).

BUSINESS

Resolutions 1 to 6 – Removal of directors in relation to the Requisition

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

1. "That Robert Bladier be removed as a director of the Company."
2. "That Brian Peadon be removed as a director of the Company."
3. "That Michael Cox be removed as a director of the Company."
4. "That Ian Mansbridge be removed as a director of the Company."
5. "That Hugh Robertson be removed as a director of the Company."
6. "That Michael Costello be removed as a director of the Company."

Resolutions 7 to 9 – Election of directors in relation to the Requisition

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

7. "That Steven Shane Pritchard be elected as a director of the Company."
8. "That Paul Ernest Seymour be elected as a director of the Company."
9. "That Ann Bowering be elected as a director of the Company."

EXPLANATORY NOTES

The accompanying Explanatory Notes form part of this Notice of Meeting and should be read in conjunction with it. Unless the context otherwise requires, terms which are defined in the Explanatory Notes have the same meaning when used in this Notice of Meeting.

POLL

On a poll, Shareholders have one vote for every fully paid ordinary share held. On a show of hands, every person present and qualified to vote has one vote and if one proxy has been appointed, that proxy will have one vote on a show of hands. If a Shareholder appoints more than one proxy, neither proxy may vote on a show of hands, but both proxies will be entitled to vote on a poll.

REPRESENTATIVES

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at meetings of Shareholders. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution.

The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

RECORD DATE

The Board has determined that, for the purposes of the meeting, Shares will be taken to be held by the persons who are registered as Shareholders as at **7.00 pm (Melbourne time) on Tuesday 9 June 2009**. Accordingly share transfers registered after that time will be disregarded in determining entitlement to attend and vote at the meeting.

PROXIES

A proxy form accompanies this Notice of Meeting.

You can appoint not more than two proxies to vote on your behalf. You can direct the proxy (or proxies) how to vote. If you appoint more than one proxy, each proxy must be appointed to represent a specified proportion of your voting rights. A proxy does not need to be a Shareholder.

If the proxy form is signed under a power of attorney, you must also lodge the power of attorney with the Company not less than 48 hours before the meeting, unless you have previously sent the power of attorney to the Company.

To appoint a proxy (or proxies) you must complete the attached proxy form and lodge it, not less than 48 hours before the meeting (ie. by **12.00 pm (Melbourne time) on Tuesday 9 June 2009**) at the following address or fax number:

Address: Registries Limited
GPO BOX 3993
Sydney NSW 2001

Fax no: 1300 653 459

By Order of the Board
8 May 2009



Scott Evans
Company Secretary

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EXPLANATORY NOTES

These Explanatory Notes have been prepared for the Shareholders to provide information about the items of business to be considered at the Extraordinary General Meeting to be held on **Thursday 11 June 2009 at 12.00 pm** (Melbourne time).

These Explanatory Notes are important documents and should be read carefully by all Shareholders.

1. RESOLUTIONS RELATING TO THE REQUISITION

1.1 Background to the Requisition

On 15 April 2009, the Company received a requisition from more than 5% of Shareholders requesting that the Directors call a general meeting of the Company to consider resolutions to remove the Board and elect new directors (**Requisition**). Those resolutions are Resolutions 1 to 9. Shareholders of a public company are entitled to make such a Requisition to the Company under section 249D of the Corporations Act.

The Company has provided the Directors with a copy of the Requisition and notified them of their right to put their case to Shareholders by submitting a written statement to be circulated to Shareholders and to speak at the General Meeting. No written statements have been received.

1.2 What majority of votes is required for the Resolutions 1 to 9?

Resolutions 1 to 9 require only an ordinary resolution which is a simple majority of those Shareholders present and entitled to vote either in person or by proxy at the meeting, either on a show of hands or on a poll if one is called in accordance with applicable requirements.

1.3 Directors proposed for removal

- (a) Robert Bladier
- (b) Brian Peadon
- (c) Michael Cox
- (d) Ian Mansbridge
- (e) Hugh Robertson
- (f) Michael Costello

1.4 Information on persons offering themselves for election pursuant to the Requisition

The following information has been provided to Shareholders, by those who offer themselves for election as a Director pursuant to the Requisition.

(a) **Steven Pritchard**

Steven Pritchard obtained a Bachelor of Commerce degree from the University of Newcastle in 1986, and qualified as a Certified Practising Accountant in 1988.

He has been providing investment advice as a representative of a licensed dealer in securities since 1988.

He became a director of Rees Pritchard Pty. Limited, Certified Practising Accountants, in 1989.

He completed the Graduate Diploma in Applied Finance and Investment and was admitted as an Associate of the Securities Institute of Australia in 1993.

In 1996 he was admitted as a member of the Stock Exchange of Newcastle Limited (**NSX**), and was instrumental in establishing Pritchard & Partners Pty. Limited to provide investment advice to clients of Rees Pritchard Pty. Limited.

He was a director of NSX from 1996 to 2003 and Chairman from 2000 to 2003. During that time he was responsible for developing the strategic plan which saw the renaissance of NSX as a capital market for small, medium and regionally based companies.

In 2002 he was responsible for the establishment of Cameron Capital Limited, which acquired the ASX Participating Organisation Cameron Stockbrokers Limited.

In 2003 he was appointed to the board of Winpar Holdings Limited, which was the first company to list on the rejuvenated NSX.

In 2004 he was jointly responsible with Daniel Di Stefano for a successful capital raising for and the listing of Illuminator Investment Company Limited on NSX. Illuminator Investment Company Limited became the first Newcastle based company to list on NSX, and the first Newcastle based listed institutional investor.

Steven Pritchard is a director of Florin Mining Investment Company Limited, which undertook a capital raising and listed on NSX in 2005.

He is the chairman of Pritchard Equity Limited, which undertook a capital raising and listed on NSX in 2006. Pritchard Equity Limited is a substantial shareholder in Cameron Capital Limited.

He is a past Branch Councillor and Chairman of CPA Australia, and received the Presidents Award in 2000 for outstanding contributions to CPA Australia.

(b) **Paul Ernest Seymour**

Paul Seymour commenced his career with stockbroking firm J. M. Bowyer & Co. in May 1971. Following the acquisition of J. M. Bowyer & Co. by the NatWest Group of London in 1985, he became Director of Operations.

In 1991 he was appointed a Director of NatWest Group Australia.

He was responsible for setting up the NatWest office in New Zealand with 15 staff, testing and installing the company's systems, and running the company's operations in New Zealand. He was also responsible for 56 staff located in Sydney, Melbourne, Wellington and London.

In 1998 NatWest Stockbroking was taken over by Citigroup, and Paul Seymour joined the Citigroup board as a director of Citigroup Australia.

He was on the Citigroup and ASX committees responsible for the testing of all brokers' computer systems for year 2000 compliance. At various times he has served as a member of the ASX Office Managers Study Group Committee, the ASX National Settlements Advisory Committee and the ASX National Adjudications Committee.

In 1994 Paul Seymour joined the board of NSX. The company was subsequently granted a stock exchange licence, and the exchange opened in 2001 with the listing of two stocks. Paul Seymour was responsible for setting up the operations of the exchange, which included the installation and testing of the exchange's computer systems.

The original NSX board took the company from a \$400,000 base to a base of \$32 million in 2006.

(c) **Ann Bowering**

Ann Bowering has considerable experience in the Australian capital markets and a strong management background. Her career has consistently focused on the opportunities and economic activities of the Energy and Resources sector and, in more recent times, the emerging Cleantech and Sustainability sector. A Chartered Accountant, having worked with KPMG Melbourne, Sydney and Houston, Ann has a suite of professional and personal competencies that are highly complementary to the role of director of NSX Limited. At KPMG Ann worked on more than 30 unique transactions totalling over \$12 billion of capital raisings, and merger and acquisition transactions for clients such as AGL, Bluescope Steel, Tabcorp and Lend Lease. She was a leader of the firm's Risk Management practice.

Ann oversaw a period of significant business development at Lucsan Capital, a consultancy and advisory business focused on providing services to the Australian financial markets in her role as Head of Operations and Business Development. Her major accomplishments during this time were the expansion of the business nationally and internationally: the Melbourne office successfully opened in June 2007 and the London office successfully opened in May 2008.

As a member of the executive team of the Financial and Energy Exchange, Ann is responsible for finance, regulatory and compliance and equity markets, all of which have allowed her to create influential relationships in the financial exchange market globally.

Ann is a director of Australian Cleantech Marketplace Pty. Limited.

1.5 Board response to section 249D notices received on 15 April 2009

The Board (other than Mr Peadon) opposes each of Resolutions 1 to 9 and recommends that Shareholders vote against each of Resolutions 1 to 9.

Mr Peadon is in favour of Resolutions 1 to 9 and recommends that Shareholders vote in favour of Resolutions 1 to 9.

Mr Cox resigned from the Board on 4 May 2009 but the Company is required to include the resolution relating to the removal of Mr Cox in the Notice of Meeting as the request to include that resolution has not been withdrawn by the requisitionists. The resolution relating to the removal of Mr Cox will not be voted on at the meeting.

1.6 Board statement on Resolutions 1 to 9

The Board (other than Mr Peadon) opposes Resolutions 1 to 9 proposed for consideration at this meeting for the reasons set out in the statements below.

The resolutions proposed for consideration by Shareholders at this Extraordinary General Meeting call for the removal of all the current Directors, and the appointment of three new Directors. We ask shareholders to vote against these Resolutions.

The reason for the opposition by the Board (other than Mr Peadon) is not to maintain their current position, but to allow Shareholders the opportunity to consider other options. The Board (other than Mr Peadon) prefer and recommend the proposed alliance with NZX Limited as announced to the ASX on 8 May 2009. The Board (other than Mr Peadon) considers that approval of Resolutions 1 to 9 has the potential to jeopardise the likelihood of completion of the NZX proposal and such approval is, in their opinion, therefore likely to be contrary to the future success and profitability of the Company.

Each Director (other than Mr Peadon) wishes to express in this Notice of Meeting their intention to resign from the Board at the conclusion of the meeting to be held to consider the NZX proposal, whether or not the NZX proposal is approved. The only reason these Directors (other than Mr Peadon) have stayed on the Board is to bring the NZX proposal to Shareholders and to recommend the NZX proposal to Shareholders.

The Board (other than Mr Peadon) consider that the NZX proposal will build on the strategic work that has been undertaken by the Company. In the nine months since the appointment of the current Managing Director there has been an intense effort to define a clear strategy and reorient the business; impose strict budget controls; enhance internal management reporting; seek internal efficiencies and greater productivity; and invest in new business development. There has been considerable success across all of these. However, in all of these areas change is not observable in its early stages.

The nature of a stock exchange's business is that there is a relatively high fixed cost. This is an unavoidable consequence of the nature of the business. Being both a regulator of markets and itself highly regulated as a market operator, there is an obligation on the Company to run markets of high integrity and to bear the costs associated with this.

Maintaining a strong brand and good reputation is also critical, and this can be costly. In part this can be addressed through attracting high caliber experienced people, and the human resources of the Company are developing in this direction. Business growth does not come quickly: the challenge and the necessity is to grow revenues, while still maintaining strict management controls.

The Board has supported the efforts of the Managing Director to redirect the business and work towards the goals described. Continuing new initiatives are underway to ensure the business is appropriately equipped and capitalised to succeed and grow.

It is wishful thinking to propose that costs can be reduced so dramatically that profitability can be achieved through cost management alone. The obligations of being granted an Australian Market Licence mean that the Company will come under scrutiny if the regulatory and management depth is too far weakened. Such a path can only lead to diminished shareholder value.

Those who propose to become new Directors have offered no comment to shareholders on their plans, strategies and means to build shareholder value. (One, though, was reported in the press advocating this aggressive and rapid cost cutting approach as the means to achieve break-even – an approach we believe is doomed to failure).

We ask shareholders to look past the superficial claims presented to them, seek to better understand the motives of those who propose change, and reject the Resolutions so that the Company can continue on a path to grow shareholder value.

2. GLOSSARY

Board means the board of directors of the Company.

Company means NSX Limited ABN 33 089 447 058.

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

Directors means the directors of the Company.

Explanatory Notes means these Explanatory Notes dated 8 May 2009.

Notice of Meeting means the Notice of Extraordinary General Meeting accompanying these Explanatory Notes.

Requisition means the requisition received by the Company on 15 April 2009 from more than 5% of Shareholders requesting that the Directors call a general meeting of the Company to consider resolutions to remove the Board and elect new directors.

Resolution means a resolution in the Notice of Meeting which requires Shareholder approval.

Share means a fully paid ordinary share in the Company.

Shareholder means any person registered as holding a Share as at 7.00 pm (Melbourne time) on Tuesday 9 June 2009.

PROXY FORM

NSX LIMITED
ABN 33 089 447 058
Extraordinary General Meeting
Proxy Form



All correspondence to:
 Registries Limited
 GPO BOX 3993
 Sydney NSW 2001
 Enquiries: 1300 737 760
 Facsimile: 1300 653 459
 www.registries.com.au
 callcentre@registries.com.au

Mark this box with an 'X' if you are Issuer Sponsored and want to make any changes to your address details (see reverse)

«NameAddress_1»
 «NameAddress_2»
 «NameAddress_3»
 «NameAddress_4»
 «NameAddress_5»
 «NameAddress_6»

«Holder_Id»

Appointment of Proxy

If appointing a proxy to attend the Extraordinary General Meeting on your behalf, please complete the form and submit it in accordance with the directions at the bottom of the page.
 I/We being a shareholder/shareholders of NSX Limited pursuant to my/our right to appoint not more than two proxies, appoint

The Chairman of the Meeting (mark with an "X") **OR**

Write here the name of the person you are appointing if this person **is someone other than** the Chairman of the Meeting.

or failing him/her

Write here the name of the other person you are appointing.

or failing him/her, (or if no proxy is specified above), the Chairman of the meeting, as my/our proxy to vote for me/us and on my/our behalf at the Extraordinary General Meeting to be held in the **Waldron room, offices of Blake Dawson Lawyers, Level 26, 181 William Street Melbourne Victoria on Thursday 11 June 2009 at 12:00 pm (Melbourne time)** and at any adjournment of that meeting.

This proxy is to be used in respect of _____ % of the ordinary shares I/we hold.

If you do not wish to direct your proxy how to vote, please place a mark in the box. If you have appointed the Chair of the meeting to exercise your proxy, by marking this box, you acknowledge that the Chairman of the meeting may exercise your proxy even if they have an interest in the outcome of a particular resolution and votes cast by them 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 Chair 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 resolutions. The Chair intends to vote 100% of all open proxies against the resolutions 1 to 9.

Voting directions to your proxy – please mark to indicate your directions

RESOLUTION	For	Against	Abstain*
1. That Robert Bladier be removed as a director of NSX Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. That Brian Peadon be removed as a director of NSX Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. That Michael Cox be removed as a director of NSX Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. That Ian Mansbridge be removed as a director of NSX Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. That Hugh Robertson be removed as a director of NSX Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. That Michael Costello be removed as a director of NSX Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. That Steven Shane Pritchard be elected as a director of NSX Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. That Paul Ernest Seymour be elected as a director of NSX Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. That Ann Bowering be elected as a director of NSX Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

PLEASE SIGN HERE

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Executed in accordance with section 127 of the Corporations Act:

Individual or Shareholder 1

Joint Shareholder 2

Joint Shareholder 3

Director

Director / Company Secretary

Sole Director & Sole Company Secretary

Dated this _____

day of _____

2009

Contact Name

Contact Business Telephone / Mobile

Email

INSTRUCTIONS FOR COMPLETING PROXY FORM

1. Your pre-printed name and address is as it appears on the share register of NSX Limited. If you are Issuer Sponsored and this information is incorrect, please mark the box at the top of the proxy form and make the correction on the form. Security holders sponsored by a broker on the CHESS subregister should advise their broker of any changes. Please note, you cannot change ownership of your securities using this form.
2. Completion of a proxy form will not prevent individual shareholders from attending the Extraordinary General Meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the Extraordinary General Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Extraordinary General Meeting.
3. A shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment do not specify this proportion, each proxy may exercise half of the votes.
4. A proxy need not be a shareholder of the Company.
5. If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.
6. If a representative of a company shareholder is to attend the Meeting, a properly executed original (or certified copy) of the appropriate "Certificate of Appointment of Corporate Representative" should be produced for admission to the Meeting. Previously lodged "Certificates of Appointment of Corporate Representative" will be disregarded by the Company.
7. If a representative as Power of Attorney of a shareholder is to attend the meeting, a properly executed original (or originally certified copy) of an appropriate Power of Attorney should be produced for admission to the Extraordinary General Meeting. Previously lodged Powers of Attorney will be disregarded by the Company.

8. Signing Instructions

You must sign this form as follows in the spaces provided:

- | | |
|---------------------------|--|
| Individual: | Where the holding is in one name, the holder must sign. |
| Joint Holding: | Where the holding is in more than one name, all of the shareholders should sign. |
| Power of Attorney: | If you are signing under a Power of Attorney, you must lodge an original or certified photocopy of the appropriate Power of Attorney with your completed Proxy Form. |
| 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 indicate the office held by signing in the appropriate place. |

9. Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address below not later than **12:00 pm noon on Tuesday 9 June 2009** (48 business hours before the commencement of the meeting). Any Proxy Form received after that time will not be valid for the scheduled meeting.

Hand Deliveries
 Registries Limited
 Level 7
 207 Kent Street
 Sydney NSW 2000

Postal Address
 Postal address:
 Registries Limited
 GPO BOX 3993
 Sydney NSW 2001
 Fax number: 1300 653 459