MOBILARM LIMITED

ABN 15 106 513 580

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY STATEMENT

PROXY FORM

Date of Meeting
29 November 2011

Time of Meeting
10.00 am (WST)

Place of Meeting
The University Club of Western Australia
Hackett Drive, Crawley, Perth, Western Australia.

This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisors prior to voting.

Should you wish to discuss the matters in this Notice of Annual General Meeting please do not hesitate to contact Mr David McArthur, Company Secretary on 08 9423 3200.

MOBILARM LIMITED
ABN 15 106 513 580

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Mobilarm Limited ABN 15 106 513 580 ("**Company**") for 2011 will be held at The University Club of Western Australia, Hackett Drive, Crawley, Perth, Western Australia at 10:00 am WST on 29 November 2011.

The Explanatory Statement to this Notice 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.

Pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company at 10.00am WST on 27 November 2011.

Terms and abbreviations used in this Notice and Explanatory Statement are defined in the attached Glossary.

AGENDA

Financial Statements

To receive and consider the Directors' report, the financial report and the Auditor's report for the financial year ended 30 June 2011.

1. Resolution 1 – Adoption of Remuneration Report

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

"To adopt the Remuneration Report as contained in the Company's Annual Financial Report for the financial year ended 30 June 2011."

2. Resolution 2 - Election of Director – Mr Ken Gaunt

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

"Pursuant to clause 11.2 of the Company's Constitution and for all other purposes, Mr Ken Gaunt is elected as a Director of the Company."

3. Resolution 3 - Retirement by rotation and election of Director – Mr Richard Allen

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

"Pursuant to clause 11.4 of the Company's Constitution and for all other purposes, Mr Richard Allen is re-elected as a Director of the Company."

4. Resolution 4 - Ratify Issue of Shares

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

> *"That, for the purposes of Listing Rule 7.4 and for all other purposes, the Shareholders ratify the allotment and issue of 10,000,000 Shares on the terms set out in the Explanatory Statement."*

5. Resolution 5 - Ratify Issue of Shares

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

> *"That, for the purposes of Listing Rule 7.4 and for all other purposes, the Shareholders ratify the issue of 1,650,493 Shares and 500,000 Options on the terms set out in the Explanatory Statement."*

6. Resolution 6 - Ratify Issue of Shares

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

> *"That, for the purposes of Listing Rule 7.4 and for all other purposes, the Shareholders ratify the issue of 1,250,000 Shares on the terms set out in the Explanatory Statement."*

7. Resolution 7 – Ratify Issue of Shares

> *"That, for the purposes of Listing Rule 7.4 and for all other purposes, the Shareholders ratify the issue of 5,000,000 Shares and 2,500,000 Options on the terms set out in the Explanatory Statement."*

8. Resolution 8 - Issue of New Securities

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

> *"For the purposes of Listing Rule 7.1 and for all other purposes, the issue of up to 30,000,000 Shares and 15,000,000 attaching Options on the terms set out in the Explanatory Statement be approved."*

9. Resolution 9 - Issue of Shares and Options to Mr Brenton Scott

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

> *"That, for the purposes of Listing Rule 10.11 and section 208 of the Corporations Act, and for all other purposes, the issue of up to 1,666,660 Shares and 833,330 Options to Mr Scott or his nominee on the terms set out in the Explanatory Statement is approved."*

10. Resolution 10 - Issue of Shares and Options to Mr Ken Gaunt

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

> *"That, for the purposes of Listing Rule 10.11 and section 208 of the Corporations Act, and for all other purposes, the issue of up to 1,666,660 Shares and 833,330 Options to Mr Gaunt or his nominee on the terms set out in the Explanatory Statement is approved."*

11. Resolution 11 - Convertible Notes – Mr Brenton Scott

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

> *"That, for the purposes of Listing Rule 10.11 and section 208 of the Corporations Act, and for all other purposes, the issue of 7,000,000 convertible notes to Mr Scott or his nominee on the terms set out in the Explanatory Statement is approved."*

12. Resolution 12 – Participation of Mr Brenton Scott in Placement

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

> *"Subject to the passing of Resolution 8 and for the purposes of Listing Rule 10.11 and section 208 of the Corporations Act and for all other purposes, the participation of Mr Scott or his nominee in the issue of up to 15,000,000 Shares and 7,500,000 attaching Options on the terms set out in the Explanatory Statement be approved."*

13. Resolution 13 – Participation of Mr Ken Gaunt in Placement

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

> *"Subject to the passing of Resolution 8 and for the purposes of Listing Rule 10.11 and section 208 of the Corporations Act and for all other purposes, the participation of Mr Gaunt or his nominee in the issue of up to 15,000,000 Shares and 7,500,000 attaching Options on the terms set out in the Explanatory Statement be approved."*

Voting Exclusion Statement

The following voting exclusion statement applies to the Resolutions under the Listing Rules or, where applicable, the provisions of the Corporations Act, to the following persons ("**Excluded Persons**"). The Company will disregard any votes on the following Resolutions cast by the following Excluded Persons and Associates of those persons:

Resolution No.	Title	Excluded Persons
1	Adoption of Remuneration Report	A member of the KMP, or a closely related party of the KMP, whose remuneration details are included in the remuneration report for the year ended 20 June

Resolution No.	Title	Excluded Persons
		2011.
4, 5, 6 and 7	Ratify Issue of Shares and Options	A person who participated in the issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed.
8	Issue of Placement Securities	A person who may participate in the proposed issue, and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed.
9 and 11	Issue of Shares, Options and Convertible Notes to Mr Brenton Scott	Mr Brenton Scott and any nominee.
10	Issue of Shares and Options to Mr Ken Gaunt	Mr Ken Gaunt and any nominee.
12	Participation of Director in Placement – Mr Brenton Scott	Mr Brenton Scott and any nominee.
13	Participation of Director in Placement – Mr Ken Gaunt	Mr Ken Gaunt and any nominee.

However, the Company need not disregard a vote in relation to Resolutions 4, 5, 6, 7, 8, 9, 10, 11, 12 and 13 if it is cast by:

(a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

(b) 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.

A vote may be cast on Resolution 1 by a KMP or a closely related party of a KMP if:

(a) it is cast by a proxy;

(b) the appointment is in writing and specifies how the proxy is to vote on Resolution 1; and

(c) it is not cast on behalf of another KMP or a closely related party of another KMP.

For further important comments on proxy voting, especially in relation to undirected proxies, please see the detailed notes on Resolution 1 in the Explanatory Statement and Proxy Instruction Form below.

By Order of the Board

D M McARTHUR
Company Secretary

Dated: 21 October 2011

MOBILARM LIMITED
ABN 15 106 513 580

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the Annual General Meeting to be held at 10:30 am WST on 29 November, 2011.

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 at the Annual General Meeting. This Explanatory Statement forms part of the Notice of Meeting.

1. Financial Statements and Directors' Reports

The *Corporations Act 2001* (Cth) ("**Corporations Act**") requires the Company to place its Financial Report, Directors' Report and Auditor's Report for the last financial year before the Annual General Meeting. No resolution is required for this item, but Shareholders will be given the opportunity to ask questions and to make comments on the reports and the management and performance of the Company.

The Company's Auditor will also be present at the meeting and Shareholders will be given the opportunity to ask the Auditor questions about the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company and the independence of the Auditor.

The Company's 2011 Annual Report has previously been sent to Shareholders who requested a hard copy and is available on the Company's website at www.mobilarm.com.

2. Resolution 1 - Remuneration Report

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 is the section of the Directors' Report under the heading "Remuneration Report" commencing on page 16 of the Company's 2011 Annual Report. The Remuneration Report includes all of the information required by section 300A of the Corporations Act, including:

- 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;
- discussion of the relationship between such policy and the Company's performance; and
- the prescribed details in relation to the remuneration of each Director and certain executives.

The vote on the resolution for adoption of the Remuneration Report is advisory only and does not bind the Directors or the Company. However, under changes to the Corporations Act which came into effect on 1 July 2011, if at least 25% of the votes cast on the resolution at the annual general meeting are against adoption of the Remuneration Report, then:

- if comments are made on the Remuneration Report at the Annual General Meeting, the Company's remuneration report for the financial year ending 30 June 2012 will be required to include an explanation of the Board's proposed action in response or, if no action is proposed, the Board's reasons for this; and

- if, at the Company's 2012 Annual General Meeting, at least 25% of the votes cast on the resolution for adoption of the remuneration report for the 2012 financial year are against its adoption, the Company will be required to put to Shareholders a resolution proposing that a general meeting (Spill Meeting) be called to consider the election of directors of the Company (Spill Resolution).

The Spill Meeting must be held within 90 days of the date of the 2012 Annual General Meeting. For any Spill Resolution to be passed, more than 50% of the votes cast on the resolution must be in favour of it. If a Spill Resolution is passed, all of the Directors (other than the Managing Director and any Director taking office since the Directors resolved to put the Directors' Report to that AGM) will cease to hold office immediately before the end of the Spill Meeting unless re-elected at that meeting.

The Remuneration Report forms part of the Directors' Report which has unanimously been adopted by resolution of the Board. The Directors have resolved in favour of the remuneration report and commend it to Shareholders for adoption.

An opportunity will be provided for discussion of the Remuneration Report at the meeting.

Voting by Proxy: Section 250R of the Corporations Act presently does not allow the Chairman to vote undirected proxies on remuneration report resolutions. The Australian Securities and Investments Commission has advised that the Federal Government proposes to amend the law to clarify that chairpersons are permitted to vote undirected proxies in relation to remuneration report resolutions if shareholders provide express authorisation for the chairperson to vote such undirected proxies. However, any amendment to the Corporations Act will not be in place for the AGM.

The Proxy Form allows Shareholders to direct voting on each of the Resolutions, including Resolution 1, by marking any one of the "For", "Against" or "Abstain" boxes in of the Proxy Form for each of the Resolutions. If a Shareholder marks one of these boxes the proxy is a directed proxy. If a Shareholder marks the "undirected proxy" box on the Proxy Form, the proxy will be "undirected" accordingly.

Please note that for the purposes of Resolution 1, if a Shareholder appoints the Chairman or another KMP or a closely related party of a KMP and the Shareholder marks the undirected proxy box on the proxy form for Resolution 1, then the Shareholder will be taken to have given a written direction to the proxy holder to vote **in favour** of Resolution 1 and the proxy holder will vote accordingly. If a Shareholder does not wish to vote in favour of Resolution 1 then the Shareholder should mark either the "**Against**" or "**Abstain**" box on the proxy form.

Director Recommendation

The Directors recommend that Shareholders vote in favour of the adoption of the Remuneration Report.

3. Resolution 2 - Election of Director – Mr Ken Gaunt

Clause 11.2 of the Company's Constitution permits the Directors to appoint additional directors. However, any director so appointed holds office until the next Annual General Meeting and is then required to seek Shareholder approval to continue as a director.

Mr Gaunt was appointed by the Board as a Director on 2 September 2011 pursuant to clause 11.2 of the Company's Constitution following the resignation of Mr Lindsay Lyon and Mr Christian Lange as directors of the Company.

Resolution 2 seeks Shareholder approval for the appointment of Mr Gaunt as a director of the Company.

Details of Mr Gaunt's qualifications and experience are included in the Company's 2011 Annual Report.

Director Recommendation

The Directors (other than Mr Gaunt who abstains given his personal interest in the Resolution), recommend that Shareholders vote in favour of the election of Mr Gaunt.

4. Resolution 3 – Retirement by rotation and re-election of Director – Mr Richard Allen

Pursuant to Listing Rule 14.4 and Clause 11.4 of the Company's Constitution, one-third of the Directors of the Company (rounded up to the nearest whole number) must retire each year. A retiring Director may then be eligible for re-election.

Resolution 3 seeks Shareholder approval for the re-election of Mr Allen as a Director of the Company.

Details of Mr Allen's qualifications and experience are included in the Company's 2011 Annual Report.

Director Recommendation

The Directors (other than Mr Allen who abstains given his personal interest in the Resolution), recommend that Shareholders vote in favour of the re-election of Mr Allen.

5. Resolutions 4 to 7 - Ratification of Issue of Shares

Resolutions 4 to 7 seek Shareholder approval under Listing Rule 7.4 for Shares which have already been issued by the Company (and were not required to be issued with Shareholder approval at the time they were issued).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights of conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period. An exemption to ASX Listing Rule 7.1 is where the issue has the prior approval of shareholders in a general meeting.

Listing Rule 7.4 provides an issue of securities made within the 15% limit will be treated as having been made with the approval of shareholders under Listing Rule 7.1 if subsequently approved by shareholders. This thereby 'refreshes' the company's ability to issue shares within the 15% limit, and restoring the company's ability to make placements within that limit (if that is thought desirable) without the need for shareholder approval.

Resolution 4

Resolution 4 seeks Shareholder ratification for the purposes of Listing Rule 7.4 for an issue of 10,000,000 Shares that your Directors made to raise $500,000 in working capital.

As announced to ASX on 12 August 2011, the Company issued 10,000,000 Shares at $0.05 each to raise $500,000 in working capital. The Shares were issued to Dutch Ink (2010) Pty Ltd, a sophisticated investor who is not a related party of the Company and who is exempt from the requirement to be provided with a disclosure document pursuant to section 708 of the Corporations Act. The Shares rank equally with the Company's existing Shares.

Resolution 5

Resolution 5 seeks Shareholder ratification for the purposes of Listing Rule 7.4 for an issue of 1,650,493 Shares and 500,000 Options exercisable at $0.072 each on or before 9 June 2016 that your Directors made in payment of fees due the Company's corporate adviser for the recently completed acquisition of Marine Rescue Technologies. The Shares were issued at $0.05 each. The Options were granted for no additional consideration.

The Shares and Options were issued to the Company's corporate adviser who is exempt from the requirement to be provided with a disclosure document, pursuant to section 708 of the Corporations Act and is not related a party of the Company. The Shares rank equally with the Company's existing Shares. The terms of the Options are summarised in Annexure A to this Notice.

Resolution 6

Resolution 6 seeks Shareholder ratification for the purposes of Listing Rule 7.4 for an issue of 1,250,000 Shares that your Directors made in payment of fees for loans made to the Company from non-related parties for working capital. The Shares were issued at $0.05 each.

The Shares were issued to the lender, who is a sophisticated investor and therefore exempt from the requirement to be provided with a disclosure document pursuant to section 708 of the Corporations Act and who is not a related party of the Company. The Shares rank equally with the Company's existing Shares.

Resolution 7

Resolution 7 seeks Shareholder ratification for the purposes of Listing Rule 7.4 for an issue of 5,000,000 Shares and 2,500,000 Options that your Directors made to raise $250,000 in working capital for the Company. The Shares were issued at $0.05. The Options are exercisable at $0.10 each on or before 10 October 2013 and were issued for no additional consideration. The Shares and Options were issued to a sophisticated investor who is not a related party to the Company and is exempt from the requirement to be provided with a disclosure document pursuant to section 708 of the Corporations Act. The Shares rank equally with the Company's existing shares. The terms of the Options are summarised in Annexure A to this Notice.

Director Recommendation

While the Shares and Options respectively described in Resolutions 4, 5, 6 and 7 have been issued within the 15% limit, the Company seeks Shareholder ratification of the issue of those Shares and Options for the purpose of Listing Rule 7.4 so that the Company's ability to issue securities will be refreshed and it will have the flexibility to issue further securities should the need or opportunity arise.

The Directors recommend that Shareholders vote in favour of the ratification of the issue of Shares and Options for Resolutions 4, 5, 6 and 7.

6. Resolution 8 - Approval to Issue New Securities – Placement of up to 30,000,000 Shares and 15,000,000 Free Attaching Options

The Board seeks Shareholder approval to issue up to 30,000,000 Shares and 15,000,000 free attaching Options (on a 1 Option for every 2 Share basis) within 3 months after the date of this Annual General Meeting ("**Placement Securities**"). Resolution 8 will enable the Company to raise additional funds throughout the 3 month period after the Annual General Meeting through the issue of the Placement Securities without the need to seek further Shareholder approval.

Listing Rule 7.1 provides that a listed company must not issue or agree to issue, during any 12 month period any equity securities which, when aggregated with the number of the other securities issued within that 12 month period, exceed 15% of the number of ordinary shares on issue at the beginning of the 12 month period, unless the issue falls within one of the nominated exceptions, or the prior approval of members of the Company at a general meeting is obtained.

In compliance with Listing Rule 7.3, Shareholders are advised as follows:

- The maximum number of Shares to be issued and allotted is 30,000,000 Shares plus 15,000,000 free attaching Options (on a 1 Option for every 2 Share basis).

- The Shares and Options will be issued and allotted at a date no later than 3 months after the date of the Annual General Meeting (or such later date as is approved by ASX) and it is intended that the Shares and Options will be issued and allotted progressively during that period as funds are raised.

- The Shares will rank equally in all respects with the Company's existing Shares. The Options will be exercisable at $0.10 per Share within 2 years after the issue. The terms of the Options are summarised in Annexure A of this Notice.

- The issue price of the Shares will be $0.05 per Share.

- It is intended that the shares will be issued and allotted to sophisticated investors or other parties that may be issued shares without the need for a prospectus under section 708 of the Corporations Act.

- None of the allottees will be related parties of the Company (subject to approval of Resolutions 12 and 13).

- The Placement Securities are to be issued to provide funds for pursuing the Company's existing and anticipated business programmes, identifying new project opportunities and for working capital purposes.

Director Recommendation

The Company is unable to borrow sufficient funds, and has no realistic alternative to raise funds other than to seek capital by way of issuing the Placement Securities. On this basis, each Director recommends that Shareholders vote in favour of Resolution 8.

7. Resolutions 9 to 13 – Approval of Issue of Securities to Directors

7.1. Background

Resolutions 9 to 13 seek approval for the issue of securities to directors of the Company (or their nominees), which requires Shareholder approval under Chapter 10 of the Listing Rules and Chapter 2E of the Corporations Act.

To meet the urgent working capital needs of the Company, directors Mr Brenton Scott and Mr Ken Gaunt made loans to the Company of $83,333 each. The Company wishes to repay those loans by the issue of Shares and Options subject to Shareholder approval in Resolutions 9 and 10. If Shareholder approval is not obtained, the funds advanced will remain as loans to the Company pursuant to the terms of the relevant loan agreements. The loans, which are unsecured, will be repayable by the Company on demand, without interest.

In addition, to also meet the urgent working capital needs of the Company, Mr Scott also loaned the Company $350,000 on 2 June 2011. Mr Scott and the Company wish to have this loan retired by way of the issue of convertible notes which are convertible into Shares subject to Shareholder approval in

Resolution 11. If Shareholder approval is not obtained, this loan will be repaid in cash to Mr Scott on demand. The Note attracts an interest rate of 15%.

To maximise the prospects of the Company raising sufficient funds to meet its foreseeable working capital needs, it is also seeking Shareholder approval in Resolutions 12 and 13 for directors Mr Scott and Mr Gaunt to participate (if required) in the issue of the Placement Securities for which approval is being sought in Resolution 8. The Company wishes to maximise its prospects of raising sufficient working capital under the issue of Placement Securities to meet its immediate needs.

7.2. Listing Rule 10.11

Chapter 10 of the Listing Rules contains certain provisions in relation to transactions between a company and 'persons in a position of influence', such as directors. Listing Rule 10.11 provides that a company must not issue securities to a 'related party' without the approval of holders of ordinary securities by ordinary resolution.

The term 'related party' is defined for these purposes to include a related party within the meaning of section 228 of the Corporations Act and a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained. This includes the Directors and their Associates.

Shares that are approved to be issued by Shareholders for the purpose of Listing Rule 10.11 are not required to be approved by Shareholders for the purpose of Listing Rule 7.1. Therefore, such Shares do not count towards calculation of the Company's 15% capacity to issue shares without Shareholder approval.

7.3. Shareholder Approval – Financial Benefit

The issue of Shares and Options to Directors proposed under Resolutions 9 to 13 amounts to the Company giving them, as related parties, a financial benefit. For the Company to give a financial benefit to a related party the Company must:

(a) obtain the approval of its Shareholders 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. The Company is seeking Shareholder approval for the issue of the Shares and Options as financial benefits.

8. Resolution 9 - Issue of Shares and Options to Mr Brenton Scott

Resolution 9 seeks Shareholder approval for the purpose of Listing Rule 10.11 and section 208 of the Corporations Act for the issue of the following securities to Mr Scott or his nominee:

- 1,666,660 Shares at $0.05 per Share to notionally raise $83,333 in total; and
- 833,330 Options for no additional consideration.

The Shares rank equally with the Company's existing Shares. The Options are exercisable at 10c per Share and are exercisable within 2 years from the date of grant of those Options. The terms of the Options are summarised in Annexure A of this Notice. The Shares and Options will be issued in repayment of the loan by Mr Scott to the Company of $83,333 and will be issued immediately (and in any event within 1 month) after Shareholder approval is obtained.

9. Resolution 10 - Issue of Shares and Options to Mr Ken Gaunt

Resolution 10 seeks Shareholder approval for the purpose of Listing Rule 10.11 and section 208 of the Corporations Act for the issue of the following securities to Mr Gaunt or his nominee:

- 1,666,660 Shares at $0.05 per Share to notionally raise $83,333 in total; and
- 833,330 Options for no additional consideration.

The Shares rank equally with the Company's existing Shares. The Options are exercisable at 10c per Share and are exercisable within 2 years from the date of grant of those Options. The terms of the Options are summarised in Annexure A of this Notice. The Shares and Options will be issued in repayment of the loan by Mr Gaunt to the Company of $83,333 and will be issued immediately (and in any event within 1 month) after Shareholder approval is obtained.

10. Resolution 11 – Issue of Shares and Options to Mr Brenton Scott

Resolution 11 seeks Shareholder approval pursuant to Listing Rule 10.11 for the Company to issue convertible notes ("**Notes**") to a director, Mr Scott, or his nominee in repayment of a loan of $350,000 made to the Company by Mr Scott on 2 June 2011. The loan was made to the Company to enable it to meet its urgent working capital requirements at the time. The Company in effect seeks, with Shareholder approval, to make the loan into a convertible note. The Notes are convertible into Shares at $0.05 per Share at the election of Mr Scott.

A summary of the material terms of the proposed convertible note are set out in Annexure B. For the purpose of Listing Rule 10.13 the following information is provided to Shareholders:

- Each Note will be issued at $0.05 per note ("**Face Value**"). A total of 7,000,000 Notes would be issued.
- Each Note will convert into 1 Share upon conversion, which will rank equally and in all respects with all existing Shares.
- The Notes will be issued to Mr Scott or his nominee.
- The funds raised by the issue of the Notes will be used to repay the loan of $350,000 made by Mr Scott.
- The Notes are intended to be issued immediately after Shareholder approval is obtained and in any event no later than 1 month after the date of the Annual General Meeting.
- The Notes have a maturity date of 2 years.
- The Notes attract interest at a rate of 15% pa.

11. Resolutions 12 and 13 - Participation of Directors in Placement – Mr Brenton Scott and Mr Ken Gaunt

Subject to the passing of Resolution 8, this Resolutions 12 and 13 seek Shareholder approval for the purpose of Listing Rule 10.11 and section 208 of the Corporations Act for the participation (if required) of directors Mr Scott and Mr Gaunt respectively (or their nominees) in the issue of the Placement Securities the subject of Resolution 8. As indicated above, it is intended that the Company will offer the Placement Securities initially to sophisticated investors following Shareholder approval of Resolution 8. Effectively any shortfall of Placement Securities may then be placed to Mr Scott and Mr Gaunt.

The participation of each of Mr Scott and Mr Gaunt is to be up to 50% each of the Placement Securities, being 15,000,000 Shares issued at $0.05 and 7,500,000 attaching Options for no additional consideration.

As stated for Resolution 8, the Placement Securities will be issued to provide funds for pursuing the company's existing and anticipated business programmes, identifying new project opportunities and for working capital purposes.

The Company will issue any Placement Securities to Mr Scott and Mr Gaunt within 1 month after Shareholder approval is obtained (unless a later date is approved by ASX).

12. Financial Benefits

As indicated above, the issue of the securities the subject of Resolutions 9 to 13 to Mr Scott and Mr Gaunt amounts to the Company giving them, as related parties, financial benefits. The financial benefits to be given by the Company to each of Mr Scott and Mr Gaunt are:

- In relation to the Shares and Notes, they are to be issued at an issue price of $0.05 per Share. The current market price of the Shares as quoted on ASX at the date of this Notice is $0.06. per Share.

- In relation to the Options, they are being issued for no additional consideration. The Board has assessed the value of the Options as being $0.009 per Option based on a standard Black and Scholes valuation model. The following assumptions were used for the Option valuation:

  Valuation date: 6 October 2011
  Share Price: 6c per Share (at valuation date)
  Strike price: $0.10
  Expiry: 2 years
  Rate: 5.21%
  Volatility: 50%

The following tables set out the value of all financial benefits to be received by Mr Scott and Mr Gaunt if all of the Resolutions are passed, together with the effect on their respective relevant interest in the Company. The relevant interest calculation which includes the exercise of Options for a Director relates to those Options only and assumes no other Options or other convertible securities have been exercised or converted.

Brenton Scott	**Securities**	**Value of Financial Benefit**
Resolution 9 (Loan repayment)	1,666,660 Shares @ $0.06	$100,000 - $83,333 = $16,667
Resolution 9 (Loan repayment)	833,330 Options @ $0.009	$7,500
Resolution 11 (Convertible Notes)	7,000,000 Notes @ $0.06	$420,000 - $350,000 = $70,000
Resolution 12 (Placement Securities)	15,000,000 Shares @ $0.06	$900,000 - $750,000 = $150,000 (up to)
Resolution 12 (Placement Securities)	7,500,000 Options @ $0.009	$67,500 (up to)
Total	**16,666,660 Shares** **8,333,330 Options** **7,000,000 Notes**	**$166,667 Shares (up to)** **$75,000 Options (up to)**

		$70,000 Notes

Brenton Scott	**Shareholding**	**Relevant Interest**
Current	30,839,176	12.53%
Plus New Shares (16,666,660)	47,505,836	17.00%
If all Options exercised (but no Notes are converted)	55,839,166	19.40%

If Mr Scott also converted all of his Notes, his relevant interest (including after exercise of the Options and assuming there are no other Share issues) would be 21.32%. Mr Scott has agreed not to convert any Notes if to do so would cause his relevant interest in the Company to exceed 19.99% at any time unless the Company has obtained further Shareholder approval for that purpose.

Ken Gaunt	**Securities**	**Value of Financial Benefit**
Resolution 10 (Loan repayment)	1,666,660 Shares @ $0.06	$100,000 - $83,333 = $16,667
Resolution 10 (Loan repayment)	833,330 Options @ $0.009	$7,500
Resolution 13 (Placement Securities)	15,000,000 Shares @ $0.06	$900,000 - $750,000 = $150,000 (up to)
Resolution 13 (Placement Securities)	7,500,000 Options @ $0.009	$67,500 (up to)
Total	**16,666,666 Shares** **8,333,330 Options**	**$166,667 Shares (up to)** **$75,000 in Options (up to)**

Ken Gaunt	**Shareholding**	**Relevant Interest**
Current	20,788,835	8.45%
Plus New Shares (16,666,666)	37,455,501	13.40%
If all Options exercised (ie fully diluted)	45,788,834	15.91%

The relevant interest calculations are based on the Company's total issued capital of 246,140,118 as the date of this Notice of Meeting and assume no other changes to the Company's issued capital structure.

Mr Scott is the Managing Director of the Company and his remuneration for last two financial years was $363,333 in total. Mr Gaunt was recently appointed a non-executive director and his remuneration for last two financial years was $3,750 in total.

If all Options are exercised and Notes converted by Messrs Scott and Gaunt, as referred to in this Notice, all other Shareholders' interests would be diluted by 14.86%.

Other than as set out in this Explanatory Statement, there is no further information which the Shareholders would reasonably require in order to decide whether or not it is in the Company's interests to pass Resolutions 9 to 13.

Directors Recommendation

Mr Brenton Scott has an interest in the outcome of Resolutions 9, 11 and 12 and Mr Ken Gaunt has an interest in Resolutions 10 and 13 and if approved by Shareholders, they will receive a financial benefit. Accordingly, Mr Scott and Mr Gaunt refrain from making a recommendation in relation to those Resolutions in relation to which they would receive a financial benefit if approved.

The Company has entered into the loans with Directors (relevant to Resolutions 9, 10 and 11) and is seeking Shareholder approval for the Placement Securities (subject of Resolutions 8, 12 and 13) to meet the immediate working capital needs of the Company. The Company is unable to borrow sufficient funds, and has no realistic alternative other than to seek capital via the mechanisms the subject of Resolutions 8 to 13, which includes the support of the Directors. For this reason the each Director (other than those who refrain from making a recommendation) recommends that Shareholders vote in favour of Resolutions 9 to 12.

GLOSSARY

In this Notice of Meeting:

AGM, **General Meeting** or **Meeting** means the annual general meeting of Shareholders convened for the purposes of considering the Resolutions.

ASIC means the Australian Securities and Investments Commission.

Associate has the same meaning as in the Corporations Act.

ASX means ASX Limited ACN 008 624 691 or the market it operates known as the Australian Securities Exchange, as applicable.

Board or **Board of Directors** means the board of Directors of the Company.

Company or **MBO** means Mobilarm Limited ACN 106 513 580.

Constitution means the constitution of the Company.

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

Director means a director of the Company.

Explanatory Statement means the Explanatory Statement accompanying the Notice of Meeting.

Listing Rules means the Listing Rules of the ASX.

KMP means key management personnel.

New Securities means the issue of up to 30,000,000 Shares and 15,000,000 attaching Options on the terms set out in the Explanatory Statement.

Notes means the convertible notes the material terms of which are set out in Annexure B.

Notice of Meeting or Notice means the notice convening the Annual General Meeting accompanying this Explanatory Statement.

Option means an option to acquire a Share in the Company.

Proxy Form means a proxy form accompanying this Notice of Meeting.

Resolution means a resolution to be considered at the Annual General Meeting as contained in the Notice of Meeting.

Share means a fully paid ordinary share in the Company and includes any New Share.

Shareholder means a person registered as a holder of a Share.

WST means Australian Western Standard Time, Perth, Western Australia.

ANNEXURE A

Option Terms

The other materials terms and condition of the Options referred to in this Notice of Meeting are as follows:

(a) The Options will be unquoted.

(b) Each Option exercised will entitle the holder to one Share in the capital of the Company.

(a) The notice attached to the certificate has to be completed when exercising the Options ("Notice of Exercise").

(b) Options may be exercised by the holder completing and forwarding to the Company a Notice of Exercise and payment of the exercise price for each Option being exercised prior to the Expiry Date.

(c) All Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then existing Shares.

(d) Shares allotted and issued pursuant to the exercise of Options will be allotted and issued not more than 15 business days after the receipt of a properly executed Notice of Exercise and payment for the Exercise Price of each Option being exercised. The Company will apply for official quotation on ASX of Shares issued pursuant to the exercise of Options.

(e) The holder of Options have no voting rights and cannot participate in new issues of securities to holders of Shares unless the Options have been exercised and the Shares have been allotted and registered in respect of the Options before the record date for determining entitlements to the issue. The Company must give notice to the holder of the Options of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules. Options can only be exercised in accordance with these terms and conditions.

(f) If the Company makes a pro rata bonus issue of Shares to holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Shares have been allotted and registered in respect of the exercise of Options before the record date for determining entitlements to the bonus issue, then the number of Shares or other securities for which the holder of the Options is entitled to subscribe on exercise of the Options is increased by the number of Shares or other securities that the holder of the Options would have received if the Options had been exercised before the record date for the bonus issue. No change will be made to the Exercise Price.

(g) If at any time the 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.

ANNEXURE B

Terms and Conditions of Convertible Notes (Resolution 11)

The material terms and conditions of the convertible notes to be issued pursuant to Resolution 11 are as follows:

(a) Each Note has a face value of $0.05. Each Note is convertible into 1 Share.

(b) The Notes will mature on the date 2 years after they have been issued. The noteholder may elect to convert some or all of the Notes (in minimum parcels of 500,000 Notes) on or before the maturity date.

(c) Any outstanding Notes on the maturity date must be redeemed at face value by the Company.

(d) The Company may elect to redeem any of the Notes at face value prior to the maturity date.

(e) The noteholder may redeem any of the Notes prior to the maturity date if an event of default occurs or there is a takeover, change in control or sale of the main undertaking of the Company.

(f) Shares issued upon conversion of the Notes will be fully paid ordinary Shares in the Company and rank equally in all respects with all other shares on issue.

(g) The Company will apply to ASX for official quotation of all Shares issued upon conversion of the Notes.

(h) The Notes will be unsecured and will not be quoted.

(i) If the Company wishes to redeem any of the Notes it must provide 10 business days notice of its intention to do so. During this period, the noteholder may elect to convert some or all of the Notes into Shares.

(j) The Note attracts interest at a rate of 15% pa.

(k) The Notes do not entitle the noteholder to vote or participate in any new issues of securities in the Company.

PROXY FORM

APPOINTMENT OF PROXY
MOBILARM LIMITED
ABN 15 106 513 580

2011 ANNUAL GENERAL MEETING

I/We

of

being a member of Mobilarm Limited entitled to attend and vote at the General Meeting, hereby

appoint

Name of proxy

OR ☐ the Chair of the Annual General Meeting as my/our proxy

or failing the person or body corporate so named or, if no person or body corporate is named, the Chair of the Meeting, or the Chair's nominee, 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 Mobilarm Limited to be held at The University Club of Western Australia, Hackett Drive, Crawley, Perth, Western Australia, on 29 November 2011 at 10.30am (WST), and at any adjournment thereof.

By marking this box, you acknowledge that the Chair of the General Meeting may exercise your proxy even if he has an interest in the outcome of Resolutions 1 and 3 and that votes cast by the Chair of the General Meeting for Resolutions 1 and 3 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 Resolutions 1 and 3 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 1 and 3.

Voting on Business of the Annual General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 – Adoption of Remuneration Report	☐	☐	☐

Please note paragraph 5 in Proxy Instructions Form

Undirected proxy: If you do not wish to direct your proxy how to vote on Resolution 1, do not place a mark in the "For", Against" or "Abstain" box for that Resolution but please instead mark this box: ☐

Resolution 2 -	Election of Director – Mr Ken Gaunt	☐	☐	☐
Resolution 3 –	Retirement by rotation and election of Director – Mr Richard Allen	☐	☐	☐
Resolution 4 -	Ratify Issue of Shares	☐	☐	☐
Resolution 5 -	Ratify Issue of Shares	☐	☐	☐
Resolution 6 -	Ratify Issue of Shares	☐	☐	☐
Resolution 7 -	Ratify Issue of Shares	☐	☐	☐
Resolution 8 -	Issue of New Securities	☐	☐	☐
Resolution 9 -	Issue of Shares and Options to Mr			

	Brenton Scott	☐	☐	☐
Resolution 10 -	Issue of Shares and Options to Mr Ken Gaunt	☐	☐	☐
Resolution 11 -	Issue of Convertible Notes – Mr Brenton Scott	☐	☐	☐
Resolution 12 –	Participation of Mr Brenton Scott in Placement	☐	☐	☐
Resolution 13 -	Participation of Mr Ken Gaunt in Placement	☐	☐	☐

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution 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.

By giving an undirected proxy, you acknowledge that your proxy may exercise your proxy even if he/she has an interest in the outcome of the resolution and votes cast other than as a proxy holder will be disregarded because of that interest. If your proxy is the Chairman, he will vote in favour of all the resolutions, **included Resolution 1**, if no directions are given.

If two proxies are being appointed, the proportion of voting rights this proxy represents is _____%.

Signed this day of 2011

By:

Individuals and joint holders

Signature

Signature

Signature

Companies (affix common seal if appropriate)

Director

Director/Company Secretary

Sole Director and Sole Company Secretary

Mobilarm LIMITED

ABN 15 106 513 580

Instructions for Completing 'Appointment of Proxy' Form

1. (**Appointing a Proxy**): A member entitled to attend and vote at an Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.

2. (**Direction to Vote**): A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.

3. (**Signing Instructions**):

   - (**Individual**): Where the holding is in one name, the member must sign.

   - (**Joint Holding**): Where the holding is in more than one name, all of the members must sign.

   - (**Power of Attorney**): If you have not already provided 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, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.

4. (**Attending the Meeting**): Completion of a Proxy Form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the Annual General Meeting.

5. **Please note** for the purposes of Resolution 1, if a Shareholder appoints the Chairman and the Shareholder marks the undirected proxy box on the proxy form for Resolution 1, then the Shareholder will be taken to have given a written direction to the proxy holder to vote **in favour** of Resolution 1, and the Chairman will vote accordingly. If the Shareholder wishes to vote any other way on Resolution 1, then the "Against" or "Abstain" box on the proxy form **must be marked.**

6. (**Return of Proxy Form**): To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

   (a) post to Mobilarm Limited, 768 Canning Hwy, Applecross, Western Australia, 6153; or

   (b) facsimile to the Company on facsimile number +61 8 93898327

   so that it is received not later than 10.00am (WST) on 27 November 2011.

Proxy forms received later than this time will be invalid.