

aiLimited

2007 Annual General Meeting

To be held on **Thursday, 29 November 2007**

in the 'COLLINS ROOM'

Level 46

BankWest Tower

108 St Georges Terrace

Perth, Western Australia

Commencing at **9.30am WDT**

Meeting Documents

Notice of Annual General Meeting,
Explanatory Memorandum and Proxy Form

This Notice of Annual General Meeting and Explanatory Memorandum should be read in its entirety.

If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional advisor without delay.

NOTICE OF ANNUAL GENERAL MEETING

aiLimited

Notice is hereby given of the Annual General Meeting of A.I. Limited ("Company") to be held on 29 November 2007 in the 'COLLINS ROOM', Level 46, BankWest Tower, 108 St Georges Terrace, Perth, Western Australia at 9.30 am Western Daylight Time, for the purpose of transacting the following business referred to in this Notice of Annual General Meeting.

An Explanatory Memorandum containing information in relation to the following Resolutions accompanies this Notice of Annual General Meeting.

AGENDA

ORDINARY BUSINESS

Annual Accounts

To receive and consider the annual financial statements of the Company for the year ended 30 June 2007, consisting of the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Statements of Cash Flows, the Directors' Report, the Directors' Declaration and Auditors' Report.

RESOLUTION 1 - ADOPTION OF THE REMUNERATION REPORT

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

"That, pursuant to and in accordance with section 250(R)(2) of the Corporations Act, the shareholders adopt the Remuneration Report for the financial year ended 30 June 2007."

Note: The vote on this resolution is advisory only and does not bind the Directors or the Company.

RESOLUTION 2 - RE-ELECTION OF MR ZELKO LENDICH AS A DIRECTOR

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

"That Zelko Lendich, who was appointed to fill a casual vacancy in accordance with clause 13.5 of the Company's Constitution, retires and, being eligible, offers himself for re-election, be re-elected a Director."

SPECIAL BUSINESS

RESOLUTION 3 - CHANGE OF COMPANY NAME

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

"That, for the purposes of section 157 of the Corporations Act and all other purposes, the Company approve and authorise the change of the name of the Company from "A.I. Limited" to "Autodom Limited"."

NOTICE OF ANNUAL GENERAL MEETING



RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF OPTIONS

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

“That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, the Company ratifies the granting and issue of a total of 1,000,000 Class A Employee Options, each exercisable on or before 30 June 2012 at an exercise price of \$0.45, and 1,000,000 Class B Employee Options, each exercisable on or before 30 June 2012 at an exercise price of \$0.54, to those parties noted in, and on the terms and conditions set out in Annexures A and B to, the Explanatory Memorandum accompanying this Notice of Annual General Meeting.”

The Company will disregard any votes cast on Resolution 4 by persons who participated in the issue and any associates of those persons. However, the Company will 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.

RESOLUTION 5 – APPROVAL TO GRANT OPTIONS TO MR ANTHONY DALE

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

“That, pursuant to and in accordance with section 208 of the Corporations Act 2001 (Cth) and Listing Rule 10.11 and for all other purposes, the Company approves and authorises the Directors to grant to Mr Anthony Dale (or his nominee or nominees) 500,000 Class A Employee Options, each exercisable on or before 30 June 2012 at an exercise price of \$0.45 and 500,000 Class B Employee Options, each exercisable on or before 30 June 2012 at an exercise price of \$0.54, for no consideration, on the terms and conditions set out in Annexures A and B to the Explanatory Memorandum accompanying this Notice of Annual General Meeting.”

The Company will in accordance with section 224 of the Corporations Act 2001 (Cth) disregard any votes cast on Resolution 5 by Mr Dale and any associate of Mr Dale. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of Mr Dale or an associate of Mr Dale.

RESOLUTION 6 – RELEASE OF SHARES FROM VOLUNTARY ESCROW

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

“That the Company approves and authorises the release from voluntary escrow of a total of 2,072,608 Shares the terms of issue and voluntary escrow of which were previously approved by shareholders at a general meeting of the Company held on 18 August 2006.”

NOTICE OF ANNUAL GENERAL MEETING

aiLimited

OTHER BUSINESS

To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act.

For the purposes of Resolutions 1 – 6, the following definitions apply:

ASX	means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited;
Class A Employee Options	means Options exercisable at \$0.45 each on or before 30 June 2012 and otherwise on the terms and conditions set out in Annexure A to this Explanatory Memorandum;
Class B Employee Options	means Options exercisable at \$0.54 each on or before 30 June 2012 and otherwise on the terms and conditions set out in Annexure B to this Explanatory Memorandum;
Company	means A.I. Limited ACN 009 123 782;
Constitution	means the Company's constitution, as amended from time to time;
Corporations Act	means Corporations Act 2001 (Cth);
Directors	means the directors of the Company;
Listing Rules	means the listing rules of ASX;
Option	means an option to acquire one Share;
Share	means a fully paid ordinary share in the capital of the Company; and
WDT	means Australian Western Daylight Time.

By Order of the Board of Directors



Anthony Dale
Managing Director
Dated: 11 October 2007

PROXIES

- Votes at the annual general meeting may be given personally or by proxy, attorney or representative.
- A shareholder entitled to attend and vote at the above meeting may appoint not more than two proxies to attend and vote at this meeting. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights.
- A proxy may, but need not, be a shareholder of the Company.
- The instrument appointing the proxy must be in writing, executed by the appointor or his attorney duly authorised in writing or, if such appointor is a corporation, either under seal or under hand of an officer of his attorney duly authorised.
- The instrument of proxy (and the power of attorney or other authority, if any, under which it is signed) must be lodged by person, post, courier or facsimile and reach the Registered Office of the Company at least 48 hours prior to the meeting. For the convenience of shareholders a Proxy Form is enclosed. For the purposes of section 1074E(2) of the Corporations Act 2001 and regulation 7.11.37 of the Corporations Regulations 2001, the Company determines that members holding ordinary shares at 5.00pm WDT on 27 November 2007 will be entitled to attend and vote at the annual general meeting. A corporation may elect to appoint a representative in accordance with the Corporations Act in which case the Company will require written proof of the representative's appointment which must be lodged with, or presented to the Company before the meeting.

For personal use only

This Explanatory Memorandum is intended to provide shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting (“**Notice**”) of the Company.

The Directors of the Company (“**Directors**”) recommend shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

RESOLUTION 1 – ADOPTION OF THE REMUNERATION REPORT

Section 298 of the Corporations Act requires that the annual Directors’ Report contain a Remuneration Report prepared in accordance with section 300A of the Corporations Act. This information is contained on pages 12 to 15 of the Company’s Annual Report for the year ended 30 June 2007.

By way of summary, the Remuneration Report:

- (a) discusses the Company’s policy and the process for determining the remuneration of its executive officers;
- and
- (b) sets out remuneration details for each Director named in the Remuneration Report for the financial year ended 30 June 2007.

Section 250R(2) of the Corporations Act requires companies to put a resolution to their members that the Remuneration Report be adopted. Pursuant to section 250R(3), the vote on this Resolution is advisory only and does not bind the Board or the Company. A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

RESOLUTION 2 – RE-ELECTION OF MR ZELKO LENDICH AS A DIRECTOR

Resolution 2 seeks approval for the election of Mr Zelko Lendich as a Director with effect from the end of the meeting. Mr Lendich (51) was appointed to the Board in April 2007.

Clause 13.5 of the Constitution provides that the Directors may at any time appoint a person to be a Director (but not as an alternate Director), either to fill a casual vacancy or as an addition to the existing Directors, but so that the total number of Directors does not at any time exceed the maximum number specified by the Constitution. Any Director so appointed holds office only until the next following annual general meeting and is then eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Mr Lendich retires from office in accordance with the requirements of clause 13.5 of the Constitution and submits himself for re-election.

Mr Lendich brings broad industry experience from previously held senior management roles in ABB one of the world’s largest electro-technical organisations, working in Canada, the UK and Sweden. He was also an associate at global management consulting firm McKinsey & Company and in recent years was responsible for the strategic development of Australian Leather Holdings. He has also headed up the University of Western Australia’s Management Development Institute. Mr Lendich is engaged by the Company as an independent management consultant.

Mr Lendich is a director of Farm Pride Foods Limited, West Coast Eggs Limited and Novo Foods Pty Ltd and is a member of the Company’s remuneration and audit committees.

RESOLUTION 3 – CHANGE OF COMPANY NAME

Resolution 3 seeks approval for the Company to change its name from “A.I. Limited” to “Autodom Limited”.

With the demerger of the construction business now complete and with an expanding focus on automotive component manufacturing, the Board believes it is time to change the name of the Company to reflect its future strategy and position it away from its historical antecedents. The Company has had a long and varied history. It started life as

Kostech International Ltd in 1985 with the charter to commercialise specialised automated alloy welding technology. The name "AI Engineering Corporation Limited" was adopted in 1987 and the Company pursued a diversification strategy that included ownership of interests in engineering companies, property, gold exploration, web site development and other diverse investment areas. In 2001, a strategy to simplify the business and reduce debt saw the sale of many of the businesses and assets and the name change to "A.I. Limited". Following the demerger, the focus is to be automotive component manufacturing. The automotive industry is Australia's largest complex goods manufacturing sector generating more than \$10 billion of revenue per annum. It is also a major export earner with sales of vehicles and components valued at more than \$5 billion. Almost half of the motor vehicles manufactured in Australia this year will be exported. Australia is internationally recognised as a centre of excellence by each of the four local manufacturers for rear wheel drive vehicle development. The Board sees considerable opportunities to grow in this sector.

"Autodom" is defined as the world of automotive manufacturing and selling. It reflects the dominant role of automotive in the Company's direction and also the desire to be dominant within the sectors of the industry the Company chooses to operate in. Whilst investment in other industry sectors is not precluded the main focus is to grow within the automotive component industry.

RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF OPTIONS

On 17 September 2007, the Company granted a total of 1,000,000 Class A Employee Options exercisable at \$0.45 each on or before 30 June 2012, and 1,000,000 Class B Employee Options exercisable at \$0.54 each on or before 30 June 2012, to the following senior staff members of the Company, or their respective nominee(s):

Allottee	Number of Class A Employee Options	Number of Class B Employee Options
Laurence Marshall, or nominee(s)	500,000	500,000
Chris Shellis, or nominee(s)	500,000	500,000

The Company had capacity to grant the 1,000,000 Class A Employee Options and 1,000,000 Class B Employee Options without Listing Rule 7.1 approval and accordingly is seeking ratification of the grant of those Options pursuant to Listing Rule 7.4.

In summary, Listing Rule 7.4 allows a company to seek subsequent approval from shareholders of an issue of securities so that the issue of securities does not count towards the 15% limit on issues without shareholder approval contained in Listing Rule 7.1. Listing Rule 7.1 provides that a company may only issue up to 15% of its capital in any 12 month period without first obtaining the approval of shareholders by ordinary resolution.

Pursuant to Resolution 4, the Directors are seeking ratification under Listing Rule 7.4 of the grant of a total of 1,000,000 Class A Employee Options and 1,000,000 Class B Employee Options that was made on 17 September 2007 in order to restore the right of the Company to issue further securities within the 15% limit during the next 12 months.

The following information in relation to the Class A Employee Options and Class B Employee Options is provided to shareholders for the purposes of Listing Rule 7.5:

- 1,000,000 Class A Employee Options and 1,000,000 Class B Employee Options were allotted and granted;
- the Options were granted for no consideration;
- no funds were raised by the grant of the Options;
- the terms and conditions of the Class A Employee Options are set out in Annexure A to this Explanatory Memorandum and the terms and conditions of the Class B Employee Options are set out in Annexure B to this Explanatory Memorandum; and
- the Options were granted to the following parties, none of whom are related parties of the Company:

Allottee	Number of Class A Employee Options	Number of Class B Employee Options
Laurence Marshall, or nominee(s)	500,000	500,000
Chris Shellis, or nominee(s)	500,000	500,000

RESOLUTION 5 – APPROVAL TO GRANT OPTIONS TO MR ANTHONY DALE

Introduction

Resolution 5 seeks shareholder approval to grant Mr Anthony Dale, or his nominee(s) 500,000 Class A Employee Options and 500,000 Class B Employee Options. This issue is part of Mr Dale's remuneration package and is designed to provide incentive to Mr Dale to continue to grow the value of the Company.

The Class A Employee Options vest on 30 June 2008 and are each exercisable at \$0.45 on or before 30 June 2012. The Class B Employee Options vest on 30 June 2009 and are each exercisable at \$0.54 on or before 30 June 2012. The terms and conditions of the Class A Employee Options and Class B Employee Options to be granted to Mr Dale or his nominee(s) are set out respectively in Annexures A and B to this Explanatory Memorandum.

As Managing Director, Mr Dale is the Company's most senior executive and has the responsibility for formulating the long term strategy for the organisation and ensuring its execution through the management team. The Options being issued are at exercise prices well above the current Share price. For them to be of value to Mr Dale will mean that the Company's Share price, and therefore value, is significantly higher than at present. This will benefit all shareholders. The Directors have determined the number of Class A Employee Options and Class B Employee Options to be issued to be consistent with the Company's remuneration policy and in line with market standards.

In the event all of the Options are exercised, a total amount of \$495,000 will be paid to the Company.

Related Party Transactions

Chapter 2E of the Corporations Act prohibits a public company or an entity that the public company controls from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, Mr Dale, being a Director of the Company, is considered to be a related party of the Company.

Resolution 5 provides for the grant of Options to Mr Dale, or his nominee(s), which is a financial benefit requiring shareholder approval.

Accordingly, shareholder approval is sought for the Company to grant Options to Mr Dale or his nominee(s).

For the purpose of Chapter 2E of the Corporations Act the following information is provided.

The related party to whom the proposed resolution would permit the financial benefit to be given

Mr Dale is a Director of the Company and accordingly is a related party of the Company.

Subject to shareholder approval, the maximum number of Options that will be granted to Mr Dale (or his nominee(s)) is 500,000 Class A Employee Options and 500,000 Class B Employee Options, for no consideration.

The nature of the financial benefit

The proposed financial benefit to be given is the grant of Options for no consideration to Mr Dale as noted above.

The Class A Employee Options vest on 30 June 2008 and are each exercisable at \$0.45 on or before 30 June 2012. The Class B Employee Options vest on 30 June 2009 and are each exercisable at \$0.54 on or before 30 June 2012. The terms and conditions of the Class A Employee Options and Class B Employee Options to be granted to Mr Dale or his nominee(s) are set out respectively in Annexures A and B to this Explanatory Memorandum.

Directors' recommendation

All the Directors were available to consider the proposed Resolution. Messrs Martin and Lendich, who have no interest in the outcome of the Resolution, recommend that shareholders vote in favour of Resolution 5. Mr Dale declined to make a recommendation about Resolution 5 as he is the subject of that Resolution and therefore has a material personal interest in the outcome of Resolution 5.

Other information that is reasonably required by members to make a decision and that is known to the Company or any of its Directors

- (i) The proposed Resolution 5 would have the effect of giving power to the Directors to grant up to 500,000 Class A Employee Options and 500,000 Class B Employee Options, on the terms and conditions as set out in Annexures A and B to this Explanatory Memorandum and as otherwise mentioned above.

The Company presently has 54,824,291 Shares and the following unlisted Options on issue:

Number of Options	Exercise Price	Expiry Date
1,333,332	\$0.75	30 May 2012
1,000,000	\$0.45	30 June 2012
1,000,000	\$0.54	30 June 2012

If any Class A Employee Options or Class B Employee Options granted as proposed above are exercised (and assuming no other existing Options are exercised) the effect would be to dilute the shareholding of the Company's existing shareholders by up to 1.79%. The market price of Shares during the period of the Class A Employee Options and Class B Employee Options will normally determine whether or not option holders exercise the Options. At the time any Class A Employee Options or Class B Employee Options are exercised and Shares are issued pursuant to such exercise, the Shares may be trading at a price which is higher than the exercise price of the Options.

- (ii) As at the date of this Notice, Mr Dale has the following relevant interests in the Company's securities:

Direct	1,011,244	Shares
Indirect	133,333	Shares
Options	666,666	Options (exercisable at \$0.75, expiry date 30 May 2012)

- (iii) The base salary per annum (including superannuation) and the total financial benefit to be received by Mr Dale in the 12 month period commencing 1 July 2007 is:

SalaryPackage	\$	327,000
Value of Options (based on 30% volatility value below)	\$	17,950
Total Financial Benefit	\$	344,950

EXPLANATORY MEMORANDUM

(iv) The Company's advisers, RSM Bird Cameron, have valued the Options by applying the Binomial Model, based on the following key variables:

- Risk free rate of 6.50% based on the current 3 year Commonwealth Bond Rate;
- Exercise price of the Class A Employee Options of \$0.45;
- Exercise period for the Class A Employee Options from 30 June 2008 to 30 June 2012;
- Exercise price of the Class B Employee Options of \$0.54;
- Exercise period for the Class B Employee Options from 30 June 2009 to 30 June 2012;
- Expected dividend of 2 cents per Share per annum;
- Early exercise factor of 2 – this determines the conditions under which an option holder is expected to exercise their options and is defined as a multiple of the exercise price so that 2 means that, on average, employees tend to exercise their options when the stock price reaches 2 times the exercise price (in this case the early exercise factor is not significant because the Options are currently far out of the money and the volatility is relatively low); and
- Current Share price of \$0.30, based on the closing price of Shares as at 4 October 2007.
- Volatilities of 20%, 30% and 40%. The Company had a share volatility of approximately 32% over the last 2 years. The volatility is affected by the recent demerger and business reorganisation of the Company. Volatility for the 2 years to January 2007 was 35% and the Company's advisers consider that an appropriate volatility to be utilised is in the range 20% to 40%.
- The Options are granted on 15 December 2007.

Based on the variables used, the Company's advisers consider that the Options have a range of values as summarised in the table below:

Volatility	Class A Employee Option Value	Class B Employee Option Value
20%	\$0.0067	\$0.0029
30%	\$0.0220	\$0.0139
40%	\$0.0415	\$0.0310

Accordingly, the total value of the Options to be granted to Mr Dale, or his nominee(s), under the range of volatility assumptions of 20%, 30% and 40% is as follows:

Volatility	Total value of Class A Employee Options	Total value of Class B Employee Options	TOTAL VALUE (CLASS A AND CLASS B EMPLOYEE OPTIONS)
20%	\$3,350	\$1,450	\$4,800
30%	\$11,000	\$6,950	\$17,950
40%	\$20,750	\$15,500	\$36,250

(v) The Company's adoption of Australian equivalents to International Financial Reporting Standards for reporting periods commencing from 1 July 2005 means that, under AASB2 Share-based Payment, equity-based compensation will be recognised as an expense in respect of the services received. Other than as set out in this Explanatory Memorandum, it is not considered that from an economic and commercial point of view there are any costs or detriments, including opportunity costs or taxation consequences, for the Company or benefits forgone by the Company resulting from the grant of the Class A Employee Options and Class B Employee Options pursuant to this Resolution 5.

(vi) Apart from the information set out in this Explanatory Memorandum there is no other information known to the Company or any of its Directors that is reasonably required by shareholders to decide whether or not it is in the Company's interest to pass this Resolution 5.

Listing Rule 10.11

Listing Rule 10.11 requires shareholder approval to the issue of the securities to a related party of the Company. As Mr Dale is a Director of the Company and hence a related party of the Company as noted above, shareholder approval under Listing Rule 10.11 is sought.

The following information is provided to shareholders for the purpose of Listing Rule 10.13:

- (a) the Options the subject of Resolution 5 will be granted to Anthony Dale (or his nominee(s)) as noted above;
- (b) the maximum number of Options to be granted under Resolution 5 is 500,000 Class A Employee Options and 500,000 Class B Employee Options;
- (c) the Options will be granted no later than one (1) month after the date of this Annual General Meeting, or such later date as approved by ASX by waiver to the Listing Rules;
- (d) the Options will be granted for no cash consideration;
- (e) the Options will be granted on the terms and conditions as set out in Annexures A and B to this Explanatory Memorandum; and
- (f) no funds will be raised from the grant of the Options.

As approval of shareholders is being sought pursuant to Listing Rule 10.11, approval under Listing Rule 7.1 is not required.

RESOLUTION 6 – RELEASE OF SHARES FROM VOLUNTARY ESCROW

Resolution 6 seeks shareholder approval to release from voluntary escrow a total of 2,072,608 Shares issued to the non-related party vendors of 'Cimeco Group Pty Ltd' when the Company acquired that business last financial year.

The Directors are of the view that since the construction division of the group was demerged in June this year, there is little or no benefit or disadvantage to the Company in maintaining the voluntary escrow period agreed at the time of acquisition.

Shareholders should note that there are currently a total of 2,666,666 Shares subject to escrow until 31 December 2007, after which time 1,333,333 Shares will be released from escrow, and the remaining 1,333,333 Shares will be subject to a further escrow period ending 30 June 2008.

The Company is only seeking shareholder approval for the release from this escrow of 2,072,608 of the 2,666,666 Shares escrowed, as 594,058 of the escrowed Shares are held by a controlled entity of Mr Robert Martin, a Director, and as such the entity is a related party of the Company. The Directors consider the release from escrow of the Shares held by a related party would potentially amount to the giving of a financial benefit to a related party, requiring shareholder approval pursuant to Chapter 2E of the Corporations Act. The Directors consider the cost of implementation of the shareholder approval requirements of the Corporations Act to procure this release outweigh any benefit to the Company in seeking that approval.

GLOSSARY

The following terms have the following meanings in this Explanatory Memorandum:

ASX	means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited;
Board	means the board of Directors;
Class A Employee Options	means Options exercisable at \$0.45 each on or before 30 June 2012 and otherwise on the terms and conditions set out in Annexure A to this Explanatory Memorandum;
Class B Employee Options	means Options exercisable at \$0.54 each on or before 30 June 2012 and otherwise on the terms and conditions set out in Annexure B to this Explanatory Memorandum;
Company	means A.I. Limited ACN 009 123 782;
Constitution	means the constitution of the Company;
Corporations Act	means the Corporations Act 2001 (Cth);
Director	means a director of the Company;
Listing Rules	means the Listing Rules of the ASX;
Notice	means the notice of annual general meeting accompanying this Explanatory Memorandum;
Option	means an option to acquire one Share;
Resolution	means a resolution the subject of the Notice;
Share	means an ordinary fully paid share issued in the capital of the Company; and
WDT	means Australian Western Daylight Time.

ANNEXURE A

TERMS AND CONDITIONS OF CLASS A EMPLOYEE OPTIONS

aiLimited

The terms and conditions of the options are:

1. Each option shall be issued for no consideration.
2. Each option entitles the holder to subscribe for 1 ordinary share ("**Share**") in AI Limited ACN 009 123 782 ("**Company**") upon the payment of \$0.45.
3. The options will lapse at 5.00 pm, Western Standard Time on 30 June 2012.
4. The options are transferable and will not be listed for official quotation on the ASX.
5. There are no participating rights or entitlements inherent in these options and holders of the options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the option.
6. in the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
7. Subject to clauses 8 and 9, the options shall be exercisable at any time during the period commencing 30 June 2008 ("**Vesting Date**") and ending on or before 30 June 2012 ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the optionholder to exercise all or a specified number of options held by them accompanied by an Option Certificate and a cheque made payable to the Company for the subscription monies for the shares. The Notice must be received by the Company during the Exercise Period. An exercise of only some options shall not affect the rights of the option holder to the balance of the options held by the optionholder.
8. Notwithstanding clause 7, all options may be exercised by the optionholder prior to the Vesting Date:
 - (a) during a Bid Period; or
 - (b) at any time after a Change of Control Event has occurred; or
 - (c) on an application under section 411 of the Corporations Act, if a court orders a meeting to be held concerning a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company.

In this clause:

Bid Period means in relation to a takeover bid in respect of shares in the Company, the period referred to in the definition of that expression in section 9 of the Corporations Act provided that where a takeover bid is publicly announced prior to the service of a bidder's statement on the Company in relation to that takeover bid, the Bid Period shall be deemed to have commenced at the time of that announcement; and

Change of Control Event means a shareholder, or group of associated shareholders, being entitled to sufficient shares in the Company to give it or them the ability, and that ability is successfully exercised, in a general meeting, to replace all or a majority of the Board.
9. Unless otherwise determined by the Board of Directors of the Company, each option will automatically lapse if [insert employee name] ceases, on or before the Vesting Date, to be an employee of the Company (or any of its subsidiaries) for any reason including retirement, dismissal, termination, redundancy, death or total and permanent disablement which, in the opinion of the Board of Directors of the Company renders [insert employee name] incapacitated to such an extent that [insert employee name] is unlikely ever to engage in an occupation for which he is reasonably qualified by education, training or experience.
10. The Company shall allot the resultant shares and deliver a statement of shareholders with a holders' identification number within 5 business days of exercise of the options.
11. The shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.
12. There are no rights to change the exercise price or the number of underlying Shares.

ANNEXURE B

TERMS AND CONDITIONS OF CLASS B EMPLOYEE OPTIONS

aiLimited

The terms and conditions of the options are:

1. Each option shall be issued for no consideration.
2. Each option entitles the holder to subscribe for 1 ordinary share ("**Share**") in AI Limited ACN 009 123 782 ("**Company**") upon the payment of \$0.54.
3. The options will lapse at 5.00 pm, Western Standard Time on 30 June 2012.
4. The options are transferable and will not be listed for official quotation on the ASX.
5. There are no participating rights or entitlements inherent in these options and holders of the options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the option.
6. in the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
7. Subject to clauses 8 and 9, the options shall be exercisable at any time during the period commencing 30 June 2009 ("**Vesting Date**") and ending on or before 30 June 2012 ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the optionholder to exercise all or a specified number of options held by them accompanied by an Option Certificate and a cheque made payable to the Company for the subscription monies for the shares. The Notice must be received by the Company during the Exercise Period. An exercise of only some options shall not affect the rights of the optionholder to the balance of the options held by the optionholder.
8. Notwithstanding clause 7, all options may be exercised by the optionholder prior to the Vesting Date:
 - (a) during a Bid Period; or
 - (b) at any time after a Change of Control Event has occurred; or
 - (c) on an application under section 411 of the Corporations Act, if a court orders a meeting to be held concerning a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company.

In this clause:

Bid Period means in relation to a takeover bid in respect of shares in the Company, the period referred to in the definition of that expression in section 9 of the Corporations Act provided that where a takeover bid is publicly announced prior to the service of a bidder's statement on the Company in relation to that takeover bid, the Bid Period shall be deemed to have commenced at the time of that announcement; and

Change of Control Event means a shareholder, or group of associated shareholders, being entitled to sufficient shares in the Company to give it or them the ability, and that ability is successfully exercised, in a general meeting, to replace all or a majority of the Board.

9. Unless otherwise determined by the Board of Directors of the Company, each option will automatically lapse if [insert employee name] ceases, on or before the Vesting Date, to be an employee of the Company (or any of its subsidiaries) for any reason including retirement, dismissal, termination, redundancy, death or total and permanent disablement which, in the opinion of the Board of Directors of the Company renders [insert employee name] incapacitated to such an extent that [insert employee name] is unlikely ever to engage in an occupation for which he is reasonably qualified by education, training or experience.
10. The Company shall allot the resultant shares and deliver a statement of shareholders with a holders' identification number within 5 business days of exercise of the options.
11. The shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.
12. There are no rights to change the exercise price or the number of underlying Shares.

All correspondence to:

Computershare Investor Services Pty Limited
 GPO Box 242 Melbourne
 Victoria 3001 Australia
 Enquiries (within Australia) 1300 557 010
 (outside Australia) 61 3 9415 4000
 Facsimile 61 8 9323 2033
 www.computershare.com

Mark this box with an 'X' if you have made any changes to your address details (see reverse)



000001 000 AIE
 MR JOHN SMITH 1
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Securityholder Reference Number (SRN)



I 1234567890

I N D

Appointment of Proxy

I/We being a member/s of A.I. Limited and entitled to attend and vote hereby appoint



the Chairman
 of the Meeting
 (mark with an 'X')

OR

If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered Securityholder) you are appointing as your proxy.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and 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 A.I. Limited to be held at the 'Collins Room', Level 46, Bankwest Tower, 106 St Georges Terrace, Perth, Western Australia on Thursday, 29 November 2007 at 9:30AM (WDT) and at any adjournment of that meeting.

IMPORTANT: FOR ITEMS 4 AND 5 BELOW



If the Chairman of the Meeting is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote on Items 4 and 5 below, 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 those items and that votes cast by him, other than as proxy holder, would 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 of the Meeting will not cast your votes on Items 4 and 5 and your votes will not be counted in computing the required majority if a poll is called on these items. The Chairman of the Meeting intends to vote undirected proxies in favour of each of these items.

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

	For	Against	Abstain*		For	Against	Abstain*
Item 1 Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 5 Approval to Grant Options to Mr Anthony Dale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2 Re-election of Mr Zelko Lendich as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Item 6 Release of Shares from Voluntary Escrow	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Change of Company Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
Item 4 Ratification of Prior Issue of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

In addition to the intention advised above, the Chairman of the Meeting intends to vote undirected proxies in favour of each of the other items of business.

* 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.

Appointing a second Proxy

I/We wish to appoint a second proxy



Mark with an 'X' if you wish to appoint a second proxy.

AND

 %

OR

State the percentage of your voting rights or the number of securities for this Proxy Form.

PLEASE SIGN HERE

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

Individual or Securityholder 1

Individual/Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

In addition to signing the Proxy Form in the above box(es) please provide the information below in case we need to contact you.

Contact Name

Contact Daytime Telephone

Date

/ /



How to complete the Proxy Form

1 Your Address

This is your address as it appears on the company's Share register. If this information is incorrect, please mark the box and make the correction on the form. Securityholders sponsored by a broker (in which case your reference number overleaf will commence with an 'x') should advise your broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the individual or body corporate you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the full name of that individual or body corporate in the space provided. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

3 Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

4 Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's Share registry or you may copy this form.

To appoint a second proxy you must:

- (a) indicate that you wish to appoint a second proxy by marking the box.
- (b) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (c) return both forms together in the same envelope.

5 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 securityholders should sign.
Power of Attorney:	to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, 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, 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.

If a representative of a corporate Securityholder or proxy is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company's Share registry or at www.computershare.com.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below no later than 48 hours before the commencement of the meeting at 9:30AM (WDT) on Thursday, 29 November 2007. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged using the reply paid envelope or:

IN PERSON	Registered Office - PO Box 1808 Subiaco WA 6904 Share Registry - Computershare Investor Services Pty Limited, Level 2, 45 St Georges Terrace, Perth WA 6000 Australia
BY MAIL	Registered Office - PO Box 1808 Subiaco WA 6904 Share Registry - Computershare Investor Services Pty Limited, GPO Box 242, Melbourne VIC 3001 Australia
BY FAX	61 8 9323 2033