



This document is important and requires your immediate attention.

Advanced Braking Technology Ltd
ACN 099 107 623

**Notice of Annual General Meeting
and Explanatory Statement**

For the purpose of providing information to Shareholders regarding the Annual General Meeting of Advanced Braking Technology Ltd to be held on Monday 2nd November 2009 at 10.30 am (WST).

For personal use only

Contents

- A. Notice of Annual General Meeting
- B. Explanatory Statement
- C. Proxy form

Important note

This booklet sets out information to assist Shareholders to assess the resolutions to be considered at the Annual General Meeting.

You should read this information carefully and in its entirety before making a decision as to how to vote at the Meeting. No responsibility is taken for the contents of this booklet by ASIC, ASX or any of their officers.

If you do not fully understand the contents of this information you should consult your financial or legal adviser for assistance

A notice of annual general meeting and proxy form are included in this booklet. Shareholders are urged to complete and return the enclosed proxy form as soon as possible, irrespective of whether or not they intend to attend the Meeting.

Questions

If you have any queries regarding the contents of this booklet or in relation to the Annual General Meeting, please contact the Company Secretary, Mr Ken McKinnon, on (08) 9273 4804.

Important note

This booklet sets out information to assist Shareholders to consider the resolutions before the Meeting.

Time and Place of Meeting and How to Vote

Venue

The Annual General Meeting of the Shareholders of Advanced Braking Technology Ltd (**Company**) will be held at the Company's Western Australian premises at:

Unit 1, 3 McDonald Street
Osborne Park West
Perth WA 6017

Commencing at:

10.30 am (WST) on Monday 2nd November 2009

How to Vote

You may vote by attending the Meeting in person, by proxy or authorised representative.

Voting in Person

To vote in person, attend the meeting on the date and at the place set out above. The meeting will commence at 10.30 am.

Voting by Proxy

To vote by proxy, please complete and sign the proxy form enclosed with this Notice of Annual General Meeting as soon as possible and either:

- send the proxy by facsimile to the Company Secretary, Mr Ken McKinnon on facsimile number (08) 9201 9986 (International: + 618 9201 9986); or
- deliver to the Company Secretary, at Unit 1, 3 McDonald Street Osborne Park WA 6017; or
- post to PO Box 1177, Osborne Park, WA 6916;

so that it is received not later than 10.30 am (WST) on 31st October 2009.

Your proxy form is enclosed.

Advanced Braking Technology Ltd

ACN 099 107 623

Notice of Annual General Meeting

Notice is given that the Annual General Meeting of Shareholders of Advanced Braking Technology Ltd (**Company**) for 2009 will be held at 10.30 am (WST) on Monday 2nd November 2009.

Agenda

The Explanatory Statement that accompanies and forms part of this Notice of Annual General Meeting describes the matters to be considered as ordinary business and special business.

Ordinary Business

Accounts and Reports

To receive and consider the financial report and the reports of the Directors and of the Auditor for the financial year ended 30 June 2009.

This item of business is intended to provide an opportunity for Shareholders to raise questions on the reports themselves and on the performance of the Company generally.

Resolution 1 – Adoption of Remuneration Report

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

"That, the Remuneration Report for the year ending 30 June 2009 as set out on page 24 and 25 of the Company's 2009 Annual Report be adopted."

Please note that the vote on this resolution is advisory only and does not bind the Directors or the Company.

Resolution 2 – Re-Election of Mr David Humann

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

"That, Mr David Humann being a Director of the Company who was appointed on 28 August 2006, retires in accordance with clause 13.2 of the Company's constitution and, being eligible and offering himself for re-election, be re-elected as a Director of the Company."

Resolution 3 - Re-Election of Mr David Slack

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

"That, Mr David Slack being a Director of the Company who was appointed to fill a casual vacancy on 8 September 2009 and in accordance with Article 13.5 of the Constitution offers himself for re-election at the next annual general meeting, be re-elected as a Director of the Company."

Special Business

Resolution 4 – Ratification of Prior Issue of Ordinary 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 ASX Listing Rule 7.4 and for all other purposes, the Company ratifies the allotment and issue of 5,000,000 fully paid ordinary shares in the capital of the Company at an issue price of 0.8 of a cent per ordinary share and otherwise on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and an associate of that person. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form, or it is cast by the person chairing the Meeting as a 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 of extension of agreement to pay Professor Malcolm Richmond's Directors Fees with fully paid ordinary shares in the Company.

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

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to continue the agreement whereby Professor Malcolm Richmond's Directors fees which currently amount to \$40,000 per annum be paid bi-annually by the issue of fully paid ordinary shares in the Company at the weighted average trading price of the Company shares as quoted on the ASX in the previous 30 days."

Voting Exclusion: The Company will disregard any votes cast on this resolution by Professor Richmond or a person who may participate in the proposed issue and a person who might obtain a benefit if the resolution is passed (except a benefit solely in the capacity of a holder of ordinary securities) and an associate of that person. However, the Company need not disregard a vote if it is cast by Professor Richmond as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form, or it is cast by the person chairing the Meeting as a 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 6 – Approval of agreement to pay Mr David Humann's Directors Fees with fully paid ordinary shares in the Company.

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

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to enter into an agreement whereby Mr David Humann's fees which currently are \$70,000 per annum, be paid bi-annually by the issue of fully paid ordinary shares in the Company at the weighted average trading price of the Company shares as quoted on the ASX in the previous 30 days."

Voting Exclusion: The Company will disregard any votes cast on this resolution by Mr Humann or a person who may participate in the proposed issue and a person who might obtain a benefit if the resolution is passed (except a benefit solely in the capacity of a holder of ordinary securities) and an associate of that person. However, the Company need not disregard a vote if it is cast by Mr Humann as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form, or it is cast by the person chairing the Meeting as a 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 7 – Approval of agreement to pay Mr David Slack Directors Fees with fully paid ordinary shares in the Company.

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

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to enter into an agreement whereby Mr David Slack's fees which currently are \$40,000 per annum, be paid bi-annually by the issue of fully paid ordinary shares in the Company at the weighted average trading price of the Company shares as quoted on the ASX in the previous 30 days."

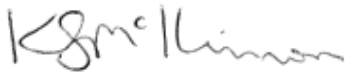
Voting Exclusion: The Company will disregard any votes cast on this resolution by Mr Slack or a person who may participate in the proposed issue and a person who might obtain a benefit if the resolution is passed (except a benefit solely in the capacity of a holder of ordinary securities) and an associate of that person. However, the Company need not disregard a vote if it is cast by Mr Slack as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form, or it is cast by the person chairing the Meeting as a 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 8 – Approval of grant of Options to Mr Kenneth Johnsen

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

"That, for the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act, the Company's Constitution and all other purposes, approval is given for the Company to grant and allot 4,500,000 Options to Mr Kenneth Johnsen (or his permitted nominee) on the terms and conditions set out in the Explanatory Statement that forms part of this Notice of Annual General Meeting".

Voting Exclusion: The Company will disregard any votes cast on this resolution by Mr Johnsen or a person who may participate in the proposed issue and a person who might obtain a benefit if the resolution is passed (except a benefit solely in the capacity of a holder of ordinary securities) and an associate of that person. However, the Company need not disregard a vote if it is cast by Mr Johnsen as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form, or it is cast by the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.



Dated this 21st day of September 2009
By Order of the Board

Kenneth McKinnon
Company Secretary

Notes:

1. A Shareholder of the Company who is entitled to attend and vote at a general meeting of Shareholders is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy may be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a Shareholder of the Company.
2. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides 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.
3. In accordance with Regulation 7.11.37 of the *Corporations Regulations* 2001, the Directors have set a snapshot date to determine the identity of those entitled to attend and vote at the Meeting. The snapshot date is 5.00pm (WST) on 30th October 2009.

Explanatory Statement

1. General Information

This Explanatory Statement and all attachments are important documents. They should be read carefully.

This Explanatory Statement has been prepared for the Shareholders of Advanced Braking Technology Ltd (**Company**) in connection with the Annual General Meeting of the Company.

There are 8 resolutions to be put to the Meeting. Resolution 1 is a non-binding vote for advisory purposes and Resolutions 2 to 8 inclusive are ordinary resolutions. A short explanation of the resolutions is set out below.

2. Resolution 1 – Adoption of Remuneration Report

The Remuneration Report is set out on pages 24 and 25 of the Company's 2009 Annual Report. The Report sets out the remuneration details for each Director and specified executive of the Company. Further details of the Company's remuneration and performance evaluation policies are contained on page 47 of the Company's 2009 Annual Report.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting. Under section 250R(2) of the Corporations Act, a resolution that the Remuneration Report be adopted must be put to the vote. This item is included for advisory purposes only and any vote taken at the Meeting does not bind the Directors or the Company.

3. Resolution 2 – Re-Election of Mr David Humann

Resolution 2 seeks Shareholder approval for the re-election of Mr David Humann as a Director of the Company.

Article 13.2 of the Company's Constitution provides that one-third of the Directors shall retire from office at every annual general meeting of the Company and that such Director is eligible for re-election at that annual general meeting.

Details of the qualifications and experience of Mr Humann are contained on page 23 of the Company's 2009 Annual Report. Each of the other Directors intends to vote in favour of Mr Humann's re-election. If approved by Shareholders, the appointment will take effect immediately following the end of the Annual General Meeting.

4. Resolution 3 – Re-Election of Mr David Slack

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

Article 13.5 of the Company's Constitution provides that the Directors may appoint a Director to fill a casual vacancy. The recent retirement of Mr Christopher Coudouraris created a casual vacancy and Mr Slack was appointed a Director of the Company on 8th September 2009 and in accordance with Article 13.5 of the Constitution offers himself for re-election at the next annual general meeting.

Details of the qualifications and experience of Mr Slack are as follows. David Slack has more than 30 years experience in the Australian funds management industry. Notably he was the co-founder and Joint Managing Director of Portfolio Partners, which had \$5.3 billion in funds under management when it was sold to Norwich Union in 1998. Prior to that, David was a founding executive director of County NatWest Investment Management, where he was Head of Australian Equities. He was formerly a non-executive director of the Victorian Funds Management Corporation and until recently its deputy Chairman and Chair of the Board Investment Committee. David has a Bachelor of Economics degree with Honours and is a Fellow of FINSIA.

Each of the other Directors intends to vote in favour of Mr Slack's re-election. If approved by Shareholders, the appointment will take effect immediately following the end of the Annual General Meeting.

5. Resolution 4 – Ratification of Share Issue

Resolution 4 seeks shareholder ratification of the allotment and issue of 5,000,000 ordinary fully paid shares in the capital of the Company at an issue price of 0.8 cents per ordinary share to Claymore Capital Pty Ltd. The shares were issued on 25th June 2009, as payment of fees relating to the issue of 125,725,000 ordinary fully paid shares at 0.8 cents per ordinary share on the 25th June 2009, raising \$1,005,725.

ASX Listing Rule 7.1 limits the number of equity securities which a listed company may issue in any 12 month period without shareholder approval (subject to certain exceptions, for example, a pro rata issue to all shareholders). The limit is, generally speaking, no more than 15% of the total number of equity securities on issue at the beginning of the 12 month period, plus the number of equity securities issued with the approval of shareholders or under one of the exceptions during the previous 12 months.

Under ASX Listing Rule 7.1, the prior approval of Shareholders was not required to issue the Shares detailed in Resolution 4 because those securities, when aggregated with securities issued by the Company during the previous 12 months (other than securities issued with Shareholder approval or falling within one of the other exception criteria), did not exceed 15% of the number of securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) those securities will be deemed to have been made with Shareholder approval for the purpose of ASX Listing Rule 7.1

Ratification is now sought for the issue of Shares as set out in Resolution 4, pursuant to ASX Listing Rule 7.4 in order to reinstate the Company's capacity to issue up to 15% of its issued capital to enable the Directors to consider additional funding initiatives over the next 12 months consistent with the provisions of ASX Listing Rule 7.1 and the Corporations Act.

ASX Listing Rule 7.5 requires that the following information be provided to shareholders in relation to the Shares the subject of Resolution 4:

- (a) The total number of securities issued by the Company was 5,000,000 fully paid ordinary shares;
- (b) The shares were issued at a price of 0.8 cents per share to pay fees of \$40,000;
- (c) The shares that were issued ranked equally in all respects with the Company's existing shares on issue;
- (d) The shares were issued to Claymore Capital Pty Ltd, under the exemption provisions for professional and sophisticated investors detailed in section 708(8) of the Corporations Act 2001;
- (e) No shares were issued to any related party of the Company; and
- (f) No funds raised were by the issue of the shares and the shares were issued as payment of fees relating to the issue of 125,725,000 ordinary fully paid shares at 0.8 cents per ordinary share on 25th June 2009 to raise \$1,005,725.

The Directors recommend that Shareholders vote in favour of Resolution 4.

6. Resolutions 5, 6 and 7 – Approval of agreements to pay Professor Malcolm Richmond's, Mr David Humann's and Mr David Slack's Directors Fees with fully paid ordinary shares in the Company.

Resolutions 5, 6 and 7 seek Shareholder approval for the Company to pay Professor Malcolm Richmond's Directors Fees of \$40,000 per annum, Mr David Humann's Directors Fees of \$70,000 per annum and Mr David Slack's Directors Fees of \$40,000 per annum by the issue of fully paid ordinary shares in the Company.

Professor Richmond, Mr Humann, Mr Slack and the Company entered into agreements in 2006, 2007 and 2009 respectively, whereby Professor Richmond's, Mr Humann's and Mr Slack's Directors Fees were to be paid by the issue of Shares in the Company (**Agreements**). The Director Agreements between Professor Richmond, Mr Humann and the Company were approved by Shareholders at the Annual General Meeting held on 27 October 2008.

However ASX requires the Company to put this resolution to Shareholders for each year of the Agreements operation to enable Shareholders to consider whether or not the Company may continue these arrangements. Mr Slack was appointed as a Director since the previous Annual General Meeting held on 27 October 2008 and his Agreement has not yet been approved by Shareholders.

6.1 ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires a company to obtain Shareholder approval by ordinary resolution prior to issuing or agreeing to issue equity securities to a related party of the Company, unless one of the exceptions in ASX Listing Rule 10.12 applies.

A related party of a company includes its directors and, accordingly Professor Richmond, Mr Humann and Mr Slack are related parties for the purposes of ASX Listing Rule 10.11. None of the exceptions in ASX Listing Rule 10.12 apply to the Agreements. Accordingly, Resolutions 5, 6 and 7 require Shareholder approval for the purposes of ASX Listing Rule 10.11.

6.2 ASX Waiver

ASX Listing Rule 10.13.3 provides that securities approved for issue in accordance with ASX Listing Rule 10.11 must be issued not more than 1 month after the date of the meeting. The Agreements provide for Shares to be issued to Professor Richmond, Mr Humann and Mr Slack on a 6 monthly basis and therefore the issue of Shares under the Agreements are outside of the 1 month period and would not comply with ASX Listing Rule 10.13.3.

Last year the Company was granted a waiver in respect of Professor Richmond and Mr Humann from ASX, providing for an exemption from the requirements of ASX Listing Rule 10.13.3, so that it may issue the Shares beyond the 1 month limit from the requirements of ASX Listing Rule 10.13.3. This waiver was effective until 31 December 2009 and ASX has now granted the Company an extension of that waiver until 31 December 2010. The Company has also been granted a waiver from the requirements of ASX Listing Rule 10.13.3 in respect of Mr Slack.

6.3 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. Section 208 of the Corporations Act prohibits a public company giving a financial benefit to a related party without obtaining the approval of the company's shareholders, unless one of a number of exceptions applies.

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

Section 211(1) of the Corporations Act provides that shareholder approval is not needed to give a financial benefit if:

- (a) the benefit is remuneration to a related party as an officer or employee of the public company; and
- (b) to give the remuneration would be reasonable given the circumstances.

As the issue of securities to Mr Humann, Professor Richmond and Mr Slack is remuneration equivalent to the payment of \$70,000 cash for Mr Humann and \$40,000 each in respect of Professor Richmond and Mr Slack (amounts which are within the maximum amount of remuneration to be paid to non-executive Directors as approved by shareholders at the Company's annual general meeting on 1 November 2005), the issue of the securities does not need shareholder approval pursuant to Chapter 2E. Accordingly, the Company is not seeking Shareholder approval for the purposes of Chapter 2E in respect of the Shares proposed to be issued to Mr Humann, Professor Richmond or Mr Slack.

6.4 Material Terms of Agreements

- (a) Professor Richmond and Mr Slack are each to be paid Directors fees of \$40,000 per annum and Mr Humann is to be paid Directors fees of \$70,000, which are each to be paid by the issue of Shares in the Company equivalent to the value to the directors' fees. Professor Richmond's, Mr Humann's and Mr Slack's remuneration will be reviewed annually by the Board or a sub committee of the Board based on performance and Board meeting attendance.
- (b) The issue of Shares will occur bi-annually on the 30 June and the 31 of December of each year to each or both Professor Richmond, Mr Humann and Mr Slack while they remain Directors of the Company. Directors fees owing in relation to any period commencing or ending on a date other than 30 June or 31 December will be satisfied on a pro rata basis.

- (c) The number of Shares to be issued to Professor Richmond, Mr Humann or Mr Slack in respect of any half-year will be calculated by dividing the amount owed in respect of Directors fees for the half year by the volume weighted average trading price of the Company's Shares on ASX in the 30 day period prior to 30 June or 31 December, as applicable. Any fractions of a Share are to be rounded down to the nearest whole number.
- (d) The Shares will be issued within 30 days of 30 June or 31 December, as applicable.
- (e) Professor Richmond's, Mr Humann's and Mr Slack's directorships are for no fixed term.
- (f) Upon Professor Richmond's, Mr Slack's or Mr Humann's cessation as a Director, the above provisions will operate to the ceasing director by substituting a reference to 30 June or 31 December as applicable, with the date Professor Richmond, Mr Slack or Mr Humann ceases to be a Director.
- (g) The Agreements relating to Professor Richmond and Mr Humann are conditional upon Shareholder approval being obtained.
- (h) The Agreements have been approved by Shareholders at the Annual General Meeting held on 27 October 2008 and are valid up until 31 December 2009. If Shareholders approve Resolutions 5, 6 and 7, Professor Richmond's and Mr Humann's Agreements will be further extended until 31 December 2010 and Mr Slack's Agreement will be approved until 31 December 2010. Any further extensions of Professor Richmond's, Mr Humann's and Mr Slack's Agreements will have to be approved by Shareholders at subsequent meetings.

6.5 Resolution 5 – Approval of extension of agreement to pay Professor Malcolm Richmond's Directors Fees with fully paid ordinary shares in the Company

ASX Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting proposing an approval under ASX Listing Rule 10.11. For the purposes of ASX Listing Rule 10.13, the following information is provided in relation to Resolution 5:

- (a) the proposed allottee of the securities to be issued pursuant to Resolution 5 is Professor Richmond or his nominee;
- (b) the number of Shares to be issued to Professor Richmond or his nominee will vary according to the trading price of the Company's Shares, but will be in accordance with the terms of Professor Richmond's Agreement set out above;
- (c) the issue of the Shares will occur within 30 days of 30 June and 31 December, as applicable, for each year that Professor Richmond remains a Director (or otherwise in accordance with the Richmond Agreement).
- (d) as noted above, Professor Richmond is a director of the Company and as such is a related party of the Company;
- (e) the Shares will be issued for an issue price to be determined by the volume weighted average of the trading price of the Company's Shares in the 30 days preceding 30 June and 31 December, as applicable;
- (f) the Shares will rank equally with all other Shares on issue;
- (g) the issue of the Shares will be in satisfaction of directors' fees owed by the Company to Professor Richmond from time to time and therefore no funds will be raised from the issues.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Shares the subject of Resolution 5 as approval is being obtained under ASX Listing Rule 10.11.

6.6 Resolution 6 – Approval of agreement to pay Mr David Humann's Directors Fees with fully paid ordinary shares in the Company

ASX Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting proposing an approval under ASX Listing Rule 10.11. For the purposes of ASX Listing Rule 10.13, the following information is provided in relation to Resolution 6:

- (a) the proposed allottee of the securities to be issued pursuant to Resolution 6 is Mr Humann or his nominee;

- (b) the number of Shares to be issued to Mr Humann or his nominee will vary according to the trading price of the Company's Shares, but will be in accordance with the terms of Mr Humann's Agreement set out above;
- (c) the issue of the Shares will occur within 30 days of 30 June and 31 December, as applicable, for each year that Mr Humann remains a Director (or otherwise in accordance with the Humann Agreement);
- (d) as noted above, Mr Humann is a director of the Company and as such is a related party of the Company;
- (e) the Shares will be issued for an issue price to be determined by the volume weighted average of the trading price of the Company's Shares in the 30 days preceding 30 June and 31 December, as applicable;
- (f) the Shares will rank equally with all other Shares on issue;
- (g) the issue of the Shares will be in satisfaction of director's fees owed by the Company to Mr Humann from time to time and therefore no funds will be raised from the issues.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Shares the subject of Resolution 6 as approval is being obtained under ASX Listing Rule 10.11.

6.7 Resolution 7 – Approval of agreement to pay Mr David Slack's Directors Fees with fully paid ordinary shares in the Company

ASX Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting proposing an approval under ASX Listing Rule 10.11. For the purposes of ASX Listing Rule 10.13, the following information is provided in relation to Resolution 7:

- (a) the proposed allottee of the securities to be issued pursuant to Resolution 7 is Mr Slack or his nominee;
- (b) the number of Shares to be issued to Mr Slack or his nominee will vary according to the trading price of the Company's Shares, but will be in accordance with the terms of Mr Slack's Agreement set out above;
- (c) the issue of the Shares will occur within 30 days of 30 June and 31 December, as applicable, for each year that Mr Slack remains a Director (or otherwise in accordance with Mr Slack's Agreement).
- (d) as noted above, Mr Slack is a director of the Company and as such is a related party of the Company;
- (e) the Shares will be issued for an issue price to be determined by the volume weighted average of the trading price of the Company's Shares in the 30 days preceding 30 June and 31 December, as applicable;
- (f) the Shares will rank equally with all other Shares on issue;
- (g) the issue of the Shares will be in satisfaction of director's fees owed by the Company to Mr Slack from time to time and therefore no funds will be raised from the issues.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Shares the subject of Resolution 7 as approval is being obtained under ASX Listing Rule 10.11.

6.8 Dilution Factor

The following table demonstrates the dilution of all other Shareholders' holdings in the Company upon the issue of Shares in the Company to Professor Richmond, Mr Humann, Mr Slack in accordance with Resolutions 5, 6 and 7 (and assuming different issue prices for those Shares):

Issue Price (per Share)	1 cent	2 cents	3 cents	3.1 cents*	4 cents	5 cents
Shares to be issued to Professor Richmond per annum (\$40,000)	4,000,000	2,000,000	1,333,333	1,290,322	1,000,000	800,000

Shares to be issued to Mr Humann per annum (\$70,000)	7,000,000	3,500,000	2,333,333	2,258,065	1,750,000	1,400,000
Shares to be issued to Mr Slack per annum (\$40,000)	4,000,000	2,000,000	1,333,333	1,290,322	1,000,000	800,000
Total number of Shares to be issued per annum (assuming the issue of all Shares the subject of Resolutions 5, 6 and 7)	15,000,000	7,500,000	4,999,999	4,838,709	3,750,000	3,000,000
Shares on Issue at date of this Explanatory Statement	767,009,947	767,009,947	767,009,947	767,009,947	767,009,947	767,009,947
Total Shares on Issue (assuming the issue of all Shares the subject of Resolutions 5, 6 and 7)	782,009,947	774,509,947	772,009,946	771,848,656	770,759,947	770,009,947
Percentage of total Shares on Issue that will be held by Professor Richmond, Mr Hummann and Mr Slack	1.92%	0.97%	0.65%	0.63%	0.48%	0.39%

* Closing price of Shares as at the date of this Explanatory Statement.

7. Resolution 8 – Grant of Options to Mr Kenneth Johnsen

Shareholder approval for the grant of 4,500,000 Options to Mr Kenneth Johnsen is sought for the purposes of Chapter 2E of the Corporations Act, which governs the giving of financial benefits to directors and other related parties of a company and for the purposes of Listing Rule 10.11 which governs the issue of securities to a related party.

The object of Resolution 8 is to provide Mr Johnsen with a mechanism to participate in the future growth of the Company and an incentive to ensure the Company meets its growth, profitability and other performance targets. Mr Kenneth Johnsen is an Executive Director of the Company.

7.1 Terms of Options

Subject to Shareholder approval the proposed Options will be granted within one month of the AGM. Vesting and expiry dates and the exercise price of the Options are as follows:

- (a) One third of the Options granted herein maybe exercised upon the Company reporting an after tax profit for the full year financial in its audited financial statements.
- (b) A further one third of the Options granted herein maybe exercised on or after 24 months from the date of granting if the total return to the Company's shareholders during the preceding financial year has equalled or exceeded the average return to shareholders for the S&P/ASX Small Ordinary index.

- (c) The remaining one third of the Options granted herein maybe exercised on or after 36 months from the date of granting if the total return to the Company's shareholders during the preceding financial year has equalled or exceeded the average return to shareholders for the S&P/ASX Small Ordinary index.
- (d) The Options shall be exercisable upon payment of three and one half (3.5) cents each.
- (e) The Options shall expire 48 months from the date of their grant.

The other terms and conditions of the Options are set out in Annexure "A".

7.2 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a "related party" of the Company unless either:

1. the giving of the financial benefit falls within one of the nominated exceptions to the relevant provisions of the Corporations Act; or
2. prior Shareholder approval is obtained to the giving of the benefit.

The object of Chapter 2E of the Corporations Act is the protection of a public company's resources. For the purposes of Chapter 2E, Mr Johnsen (or his permitted nominee) is considered to be a related party of the Company. The proposed grant of Options involves the provision of a financial benefit to a related party of the Company and therefore requires prior Shareholder approval.

7.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 prohibits the Company from issuing or agreeing to issue equity securities to a related party of the Company, unless one of the exceptions in ASX Listing Rule 10.12 applies.

For the purposes of ASX Listing Rule 10.11, Mr Johnsen (or his permitted nominees) is considered to be a related party of the Company and therefore Resolution 8 requires prior Shareholder approval. Information required to be given for the purposes of seeking approval under Resolution 8 is set out separately below.

7.4 Dilution Factor

As at the date of this Notice of Meeting the existing issued capital of the Company is 767,009,947 Shares.

If all of the Options the subject of Resolution 8 are granted and subsequently exercised, then the Company's fully paid share capital will be diluted. The Company will, however, receive subscription monies totalling \$120,000.00.

The following table demonstrates the dilution of all other Shareholders' holdings in the Company upon exercise of all Options proposed to be issued to Mr Johnsen in accordance with Resolution 8:

Ordinary Shares on Issue at date of this Explanatory Statement	767,009,947
Shares to be issued assuming exercise of all Options the subject of Resolution 8	4,500,000
Total Shares on Issue assuming exercise of all Options the subject of Resolution 8	771,509,947
Dilution Effect (without taking account of the subscription monies)	0.59%

7.5 Resolution 8 – Approval of grant of Options to Mr Kenneth Johnsen

Resolution 8 seeks Shareholder approval to grant 4,500,000 Options to Mr Johnsen for nil consideration.

7.5.1 ASX Listing Rule 10.11

ASX Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting proposing an approval under ASX Listing Rule 10.11. For the purposes of ASX Listing Rule 10.13, the following information is provided in relation to Resolution 8:

- For personal use only
- (a) the proposed allottee of the Options to be issued pursuant to Resolution 8 is Mr Johnsen (or his permitted nominee);
 - (b) the number of Options to be granted to Mr Johnsen is 4,500,000 on the terms set out above;
 - (c) the issue of the Options will occur no later than 1 month after the date of the Meeting, or such longer period as ASX may approve should the Company apply for a waiver of Listing Rule 10.13.3;
 - (d) as noted above, Mr Johnsen is an executive Director of the Company and as such is a related party of the Company;
 - (e) the Options are to be granted for nil consideration and the exercise price of the Options will be three and one half (3.5) cents each; and;
 - (f) the funds raised with respect to the exercise of the Options will be used to meet the costs of the Company's ongoing operations.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to grant the Options the subject of Resolution 8 as approval is being obtained under ASX Listing Rule 10.11.

7.5.2 Chapter 2E of the Corporations Act

Section 219 of the Corporations Act sets out a number of matters which must be included in a notice of meeting seeking an approval under section 208. For the purposes of section 219, in addition to the information provided above the following information is provided in relation to Resolution 8:

- (a) the related party of the Company to whom the financial benefit is to be given is Mr Kenneth Johnsen;
- (b) the nature of the financial benefit to be given is the grant of 4,500,000 Options to subscribe for Shares in the Company for nil consideration on the terms set out above;
- (c) Mr Johnsen is not entitled and does not wish to make a recommendation to Shareholders about the proposed Resolution 8 because he has an interest in the outcome of the resolution on the basis that he (or his nominee) is the proposed recipient of Options;
- (d) Mr Humann, Professor Richmond and Mr Slack recommend that Shareholders vote in favour of the Company's proposed grant of Options to Professor Richmond (or his nominee). Mr Humann, Professor Richmond and Mr Slack do not have any interest in the outcome of Resolution 8;
- (e) for an estimate of the value of the Options, please refer to Annexure "B";
- (f) the Company's Shares have been traded on ASX in the past 12 month period, with the highest closing price of the Shares in the past 12 month period being \$0.036 per Share, and the lowest closing price being \$0.006 per Share. The closing price of the Shares at the date of this Notice of Meeting is \$0.031; and
- (g) neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision whether it is in the best interests of the Company to pass Resolution 8 other than as set out above or as follows:
 - If all of the Options the subject of this Resolution 8 are exercised, then the Company's fully paid share capital would be diluted (see paragraph 8.4 above).
 - As at the date of this Explanatory Statement Mr Johnsen has a relevant interest in 1,559,818 Shares, which amounts to 0.2% of the Company's share capital. Mr Johnsen also holds 3,000,000 options to subscribe for shares at an exercise price of \$0.06 which expire on 1 July 2010 and 3,000,000 options to subscribe for shares at an exercise price of \$0.075 which expire on 1 July 2011. Mr Johnsen receives a salary as Chief Executive Officer of the Company, which is disclosed on page 24 of the 2009 Annual Report. Mr Johnsen does not currently receive any other remuneration or emoluments from the Company except as disclosed in the 2009 Annual Report.
 - The Directors consider that the incentive represented by the grant of Options, is a cost effective and efficient incentive when compared to other forms of incentive such as cash, bonuses or greater remuneration.
 - The primary purpose of the grant of Options is to provide an incentive for Mr Johnsen to maintain his future involvement, commitment and loyalty to the Company. Given this purpose, the Directors do not consider that there is any opportunity cost or benefit foregone to the Company in granting the Options proposed by Resolution 8.

8. Glossary

Agreement means the agreements between Professor Richmond, Mr Humann, Mr Slack and the Company the subject of Resolutions 5, 6 and 7.

Annual General Meeting or **Meeting** means the meeting of Shareholders convened by the Notice.

Annexure A means the Annexure A which is appended to and forms part of this Notice of Meeting.

Annexure B means the Annexure B which is appended to and forms part of this Notice of Meeting.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited.

Board means the board of Directors of the Company.

Company means Advanced Braking Technology Ltd ACN 099 107 623.

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Directors mean the current Directors of the Company.

Notice or **Notice of Meeting** means the notice of meeting accompanying this Explanatory Statement.

Option means an option to acquire a Share

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

Shareholder means a holder of a Share.

WST means Western Standard Time.

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Annexure A

Terms and Conditions of Share Options to be issued to Directors

The Options to be issued to Mr Kenneth Johnsen pursuant to Resolution 8 (**Director's Options**) will entitle the holder to subscribe for one Share in the Company for each Director's Option held on the terms and conditions set out below:

1. No consideration is payable in respect of the grant of a Director's Option.
2. The Director's Options will become exercisable as follows:
 - a. One third of the Director's Options may be exercised upon the Company reporting an after tax profit for the full year financial in its audited financial statements;
 - b. A further one third of the Director's Options may be exercised on or after 24 months from the date of granting if the total return to the Company's shareholders during the preceding financial year has at equalled or exceeded the average return to shareholders for the S&P/ASX Small Ordinary index;
 - c. The remaining one third of the Director's Options may be exercised on or after 36 months from the date of granting if the total return to the Company's shareholders during the preceding financial year has at equalled or exceeded the average return to shareholders for the S&P/ASX Small Ordinary index.
3. The Director's Options will be exercisable by giving written notice of exercise to the Company at any time after the relevant option become exercisable up to expiry.
4. The Director's Options shall expire 48 months from the date of grant. In the event that Mr Johnsen ceases to be Director of the Company or an employee of the Company or a subsidiary of the Company, the Director's Options shall be immediately forfeited and be deemed to have expired unless determined otherwise by the Company.
5. Each Director's Option will entitle the holder to subscribe for one (1) Share which will be issued by the Company within 10 business days of receiving written notice of exercise, together monies representing the price for the Options.
6. A Share issued upon exercise of Director's Option will rank pari passu in all respects with all other Shares.
7. The Company will apply to ASX for official quotation of all Shares issued upon exercise of Director's Options.
8. The Company will not apply to have the Director's Options quoted on ASX.
9. If there is a bonus issue to holders of Shares, on the exercise of any of the Director's Options, the number of Shares over which a Director's Option may be exercised will not be increased to the number of bonus shares that would have been issued if the Director's Options had been exercised prior to the date for the bonus issue.
10. Optionholders will only be entitled to participate in new issues or issues of rights to subscribe for additional Shares, or any other securities to be issued by the Company, on the prior exercise of the Director's Options.
11. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, the Director's Options and/or their exercise price will be reconstructed in the manner required by the Listing Rules.
12. A certificate will be issued for Director's Options. If there is more than one (1) Director's Option on a certificate and prior to the expiry date those Director's Options are exercised in part, the Company will issue another certificate for the balance of the Director's Options held and not yet exercised.
13. A Director's Option is transferable by an Optionholder if, and only if, the transfer is to the Director for whose benefit that Director's Option was originally granted or the spouse of that Director, a body corporate in which the Director holds and beneficially owns at least 50% of the issued voting share capital, the trustee of a trust in which the Director is a beneficiary or object or the trustee of a superannuation fund of which the Director is a member. Otherwise, subject to the Listing Rules, Director's Options are not transferable except with the prior written approval of the Board.

Annexure B

Valuation of Director's Options to be issued to Kenneth Johnsen

The Board of Directors have valued the Director's Options to be issued to Mr Johnsen pursuant to Resolution 8.

Using the theoretical Black – Scholes option model and based on the assumptions as set out in the table below, the Directors' Options were valued as follows:

Indicative value per option (cents)	0.9 cent each
<i>Assumptions:</i>	
Valuation date	21 st September 2009
Share price	\$0.026
Exercise price	\$0.035
Expiry date	48 months from the date of grant
Volatility	50%
Risk free interest rate	3%

In the above table, the current share price of \$0.026 is based on the ASX volume weighted average share price in the 30 days immediately preceding the 21st September 2009.

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Advanced Braking Technology Ltd

ACN 099 107 623

Proxy Form

The Company Secretary
Advanced Braking Technology Ltd

I/We, _____ of _____

_____ (address) being a member/s of Advanced Braking Technology Ltd (**Company**)

hereby appoint _____ (name) of _____

_____ (address) or failing him or her the Chairman of the Meeting as my/our proxy to vote on my/our behalf at the Annual General Meeting of the Company to be held at Unit 1 3 MacDonald Street Osborne Park West, WA 6017 on Monday 2nd November 2009 at 10.30 am and at any adjournment of that meeting.

If two proxies are appointed, the proportion of my/our total voting rights that this proxy is authorised to exercise are as follows:

_____ (number of votes or percentage of voting rights proxy is authorised to exercise).

Should you desire to direct your proxy how to vote please place a mark in the appropriate boxes below. If you do not instruct your proxy how to vote on a resolution leave the boxes below blank and your proxy may vote as he or she thinks fit or abstain from voting.

I/We instruct my/our proxy to vote as follows (the resolutions are numbered as in the Notice of Annual General Meeting):

ORDINARY BUSINESS	For	Against	Abstain*
1. To adopt the Remuneration Report			
2. Re-election of Mr David Humann as a Director			
3. Re-election of Mr David Slack as a Director			
SPECIAL BUSINESS			
4. Ratification of the prior issue of Ordinary Shares			
5. Approval of extension of the agreement to pay Professor Malcolm Richmond's Directors Fees with fully paid ordinary shares in the Company			
6. Approval of extension of agreement to pay Mr David Humann's Directors Fees with fully paid ordinary shares in the Company			
7. Approval of extension of agreement to pay Mr David Slack's Directors Fees with fully paid ordinary shares in the Company			
8. Approve the granting of Options to Mr Kenneth Johnsen			

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

This proxy form must be signed by each appointing member (or member's attorney). Proxy forms submitted by a company must be executed in accordance with section 127 of the Corporations Act or signed by a duly authorised officer or attorney.

Authorised signature/s

Signed by Individual Member or Attorney:

Signed by Sole Director Company:

Individual Member/Attorney
(delete as appropriate)

Sole Director and Secretary

Signed by Company:

Director

Director/Company Secretary
(delete as appropriate)

Proxies must be:

- (a) lodged at the registered office of the Company; or
- (b) received at the fax number specified below,

not later than 48 hours before the meeting, that is, 10.30 am (WST) on 31st October 2009.

The Company's registered office:

Unit 1, 3 McDonald Street
Osborne Park WA 6017.

Postal address:

PO Box 1177,
Osborne Park, WA 6916

Fax number:

(08) 9201 9986

Notes:

A proxy has the authority to vote on the member's behalf, as he or she thinks fit, on any motion to adjourn the meeting, or any other procedural motion, unless the member gives a direction to the contrary.

A proxy need not be a member of the Company.

A member which is itself a company may either fill out this proxy form, in which case it must be submitted within the time limit described above, or it may appoint a representative pursuant to section 250D of the Corporations Act in which case the appointment may be presented at the door for admission to the meeting.

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