
ORCHID CAPITAL LTD

ABN 30 073 099 171

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY STATEMENT

PROXY FORM

TIME: 11.00 am (DST)

DATE: Friday, 14 November 2008

PLACE: Suite 6
32 Hines Road
O'Connor WA 6163

This Notice of Annual General Meeting is an important document and requires your immediate attention. Please read it carefully. If you are in doubt as to what you should do, please consult your professional adviser.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders of Orchid Capital Ltd which this Notice of Annual General Meeting relates to will be held at 11.00 am (DST) on 14 November 2008 at:

Suite 6
32 Hines Road
O'Connor WA 6163

VOTING IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the proxy form enclosed and either:

- (a) post or deliver the proxy form by hand to the Company's place of business at Suite 6, 32 Hines Road, O'Connor, Western Australia 6163; or
- (b) send the proxy form by facsimile to the Company on facsimile number +61 8 9338 8699

so that it is received no later than 11.00am (DST) on 12 November 2008

Proxy forms received later than this time will be invalid.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Orchid Capital Ltd will be held at Suite 6, 32 Hines Road, O'Connor, Western Australia 6163 at 11.00 am (DST) on 14 November 2008.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company at the close of business on 12 November 2008.

AGENDA

BUSINESS

The Explanatory Statement which accompanies and forms part of this Notice describes the matters to be considered at the Meeting.

ORDINARY BUSINESS

Reports and Accounts

To receive and consider the financial statements of the Company for the year ended 30 June 2008 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

1. RESOLUTION 1 – REMUNERATION REPORT

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

"That for the purposes of Section 250R(2) of the Corporations Act, and for all other purposes, the Company adopt the Remuneration Report."

Short Explanation: The Corporations Act provides that a resolution that the remuneration report be adopted must be put to vote at a listed company's annual general meeting. The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

2. RESOLUTION 2 – RE-ELECTION OF DIRECTORS

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

"That, Clive McKee, being a Director of the Company who retires by rotation in accordance with clause 13.2 of the Constitution and, being eligible, offers himself for re-election, is re-elected as a Director of the Company."

Short Explanation: Clause 13.2 of the Constitution requires that at the Annual General

Meeting one third of the Directors for the time being shall retire from office. A retiring Director is eligible for re-election.

3. RESOLUTION 3 – ISSUE OF SHARES TO JULIAN SANDT

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

“That, for the purpose of Section 208 of the Corporations Act 2001, ASX Listing Rule 10.11 and for all other purposes, the Company approves the issue by the Company of 2,000,000 ordinary fully paid shares in the Company to Julian Sandt for nil consideration and on the terms and for the purposes set out in the Explanatory Statement accompanying this Notice of Annual General Meeting.”

Voting Exclusion: The Company will disregard any votes cast on this resolution by Julian Sandt or his Associates, unless the vote is cast by such a person as proxy for another person who is entitled to vote and is cast in accordance with the directions on the proxy form or cast by the Chairman of the meeting in accordance with a direction on the proxy form to vote as the proxy decides.

Short Explanation: Under the terms of Mr Sandt’s Employment Agreement, he is entitled to the issue of 2,000,000 shares each year for each of the five years of the term of the Agreement. The first tranche of 2,000,000 was approved at the AGM held on 28 November 2005. The second and third tranches, each consisting of 2,000,000 shares, were approved at the AGM held on 9 November 2007. Resolution 3 proposes approval to issue the fourth tranche of 2,000,000 shares.

DATED: 6 OCTOBER 2008

BY ORDER OF THE BOARD



**MR RICHARD LAMBE
COMPANY SECRETARY
ORCHID CAPITAL LTD**

Voting Exclusion Note:

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 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.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the Annual General Meeting.

1. RESOLUTION 1– REMUNERATION REPORT

The Remuneration Report is set out in the Director’s Report in the Company’s 2008 Annual Report. It is also available on the Company’s website at www.orchidcapital.net.

The Remuneration Report sets out the Company’s remuneration arrangements for the Directors and senior management of the Company.

Section 250R(2) of the Corporations Act requires that a resolution to adopt the Remuneration Report be put to the vote of the Company at the Annual General Meeting. However, Shareholders should note that the vote on Resolution 1 is advisory only and is not binding on the Company or its Directors.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

The Directors recommend that Shareholders vote in favour of Resolution 1.

2. RESOLUTION 2 – RE-ELECTION OF CLIVE MCKEE

Clause 13.2 of the Constitution of the Company provides that at each annual general meeting one third of the Directors (other than alternate Directors and the Managing Director), or if their number is not a multiple of three, then the number nearest to but not more than one third of the directors must retire from office. A retiring director is eligible for re-election.

Mr Clive McKee retires in accordance with that clause and being eligible for re-election, offers himself for re-election at the Meeting.

Appointed 27 July 1999. Mr McKee has extensive experience in global asset management and corporate finance through his previous positions with securities and fund management companies such as Yamaichi Securities, Societe General, Australia and New Zealand Banking Group Limited, Westminster Fund Management GMBH, Pacific Fund Management Asia, Pacific Rim Investment Corporation Limited and formerly Chairman of Magna Pacific (Australia) Holdings Limited. Directorships in listed companies over the past three years are BKM Management Limited and Magna Pacific (Australia) Holdings Limited.

The Directors recommend that Shareholders vote in favour of Resolution 2.

3. RESOLUTION 3 – ISSUE OF SHARES TO JULIAN SANDT

The issue of shares will form part of Mr Sandt’s remuneration package as Chief Executive Officer. If resolution 3 is approved Mr Sandt will enter into a Restriction Agreement, and the issued shares will be subject to voluntary escrow for two years from the date of issue.

The Board of Directors provides recommendations in terms of compensation and incentive plan arrangements for the CEO, having regard to market conditions and the performance of the CEO and the Company.

The determination of the number of shares to be issued to Mr Sandt is based on the recommendations and discretion of the Board, taking into account the Company's and Mr Sandt's performance and salary package. The Board and Mr Sandt negotiated the number of shares to be issued at the time of negotiating Mr Sandt's remuneration package. By issuing shares as a component of executive remuneration, the Company will have greater cash reserves available to it.

Corporations Act 2001 (the Act)

Section 208 of the Act prohibits a company from giving a financial benefit to a related party without the prior approval of its members. A related party for the purposes of the Act is defined widely. It includes a Director of a public company and specified members of the Director's family. It also includes an entity over which a Director maintains control or a person who may be seen as acting in concert with a related party on the understanding that a financial benefit will be received.

A financial benefit for the purposes of the Act is also defined widely. It includes a public company issuing securities or granting options to a related party. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and the effect of the transaction (rather than just the legal form) and any consideration which has been given in return for the financial benefit is to be disregarded, even if it is full or adequate.

The issuing of shares to a related party (or their eligible Associate) as contemplated by Resolution 3 may constitute the giving of a financial benefit to a related party. The Company is therefore seeking Shareholder approval under section 208 of the Act to approve the issue of the shares contemplated in Resolution 3.

The following information is provided to Shareholders in accordance with section 219 of the Act to enable them to assess the merits of the resolution:

(a) **The related parties to whom the proposed resolution would permit the financial benefit to be given**

Mr Julian Sandt who is the Chief Executive Officer of the Company.

(b) **The nature of the financial benefits**

The proposed financial benefit to be given is the grant of 2,000,000 fully paid ordinary shares being the fourth tranche of 2,000,000 shares due on 18 September 2008.

Based on the share closing price on 6 October 2008, being 1.3 cents per share, the value of the financial benefit is \$26,000.

Based on the highest share price for the year to date, being 5.0 cents per share, the value of the financial benefit is \$100,000.

Based on the lowest share price for the year to date, being 1.3 cents per share, the value of the financial benefit is \$26,000.

Details of remuneration received by Mr Sandt during 2008 and disclosed in the 2008 Annual Report is as follows:

2008	Short-term employee benefits				Post-employment benefits	Other long-term employee benefits	Share-based payment		Total	% consisting of options or shares
	Salary & fees	Bonus	Non-cash	Other	Super-annuation		Options & rights	Ordinary shares		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
J.L. Sandt	130,000	-	-	-	-	-	-	52,000	182,000	28.57%

The value of \$52,000 recorded in the 2008 Annual Report relates to the third tranche as mentioned above and was determined using the share price of 3.5 cents per share being the closing price on 9 November 2007 (the Grant date) totalling \$70,000 less overprovision of \$18,000 on the second tranche also issued on 9 November 2007.

Neither Mr Sandt nor his Associates received any other benefits by reason of a contract with the Company during 2008.

The estimated remuneration payable to Mr Sandt in 2009 remains unchanged from 2008 levels.

Subject to Shareholder approval, the Board intends to issue Mr Sandt with 2,000,000 shares each year for five years. The first tranche of 2,000,000 shares was approved at the AGM on 28 November 2005 and was issued on 27 April 2007. The second and third tranches, each consisting of 2,000,000 shares, were approved at the AGM on 9 November 2007 and issued on the same day. The fourth tranche, will be voted on at the 2008 AGM.

Mr Sandt has not been issued any shares, other than those referred to in the preceding paragraph, or options in the last 12 months. Mr Sandt and his Associates currently hold 13,882,757 shares and 1,000,000 options as disclosed in the 2008 Annual Report.

Shares

The shares to be issued to Mr Sandt under Resolution 3 will be issued for no consideration. The shares will be subject to voluntary escrow for two years from the date of issue and Mr Sandt will enter into a Restriction Agreement in respect of those shares.

The Company will apply to ASX for the granting of official quotation of those shares following their issue.

ASX Listing Rules

ASX Listing Rule 10.11 provides that a company must not issue equity securities to a related party of the Company, such as a Director, without the Company obtaining the approval by ordinary resolution of its Shareholders.

The Company seeks the approval of Shareholders under ASX Listing Rule 10.11 to allow the Company to issue 2,000,000 shares to Mr Sandt.

If Shareholders approve the issue of the shares under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1.

As the shares will be issued to Mr Sandt for no consideration, no funds will be raised by the issue.

The shares will be issued to Mr Sandt as soon as practical after the date of this meeting and in any event within one month.

Corporate Governance

The ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations provide guidelines that recommend that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by Shareholders. Given the size of the Company and the fact that issues to Directors have to date been uncommon, the Board has not considered it appropriate to set thresholds.

The Board considers that issuing shares to Mr Sandt as part of his remuneration package accords with the spirit of the Best Practice Recommendations as the issue is subject to Shareholder approval. The issue will also result in a saving in executive salaries, making greater cash reserves available to the Company for growth and capital expenditure. Placing the shares in voluntary escrow for a two year period further aligns the interests of Mr Sandt to the interests of Shareholders.

The Directors recommend that Shareholders vote in favour of Resolution 3.

4. ENQUIRIES

Shareholders are required to contact the Company Secretary on +61 8 9338 8670 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

Board means the board of directors of the Company.

Company means Orchid Capital Ltd (ABN 30 073 099 171).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors mean the directors of the Company.

Explanatory Statement means the explanatory statement to the Notice.

Meeting means the meeting convened by the Notice.

Notice means the notice of annual general meeting accompanying this Explanatory Statement.

Options means an option to acquire a Share in the Company pursuant to the Entitlement Issue.

Share means a share in the Company.

Shareholder means a shareholder in the Company.

PROXY FORM

APPOINTMENT OF PROXY
ORCHID CAPITAL LTD
ABN 30 073 099 171

I/We
being a Member of **ORCHID CAPITAL LTD** entitled to attend and vote at the Meeting, hereby
Appoint
Name of proxy

or failing the person so named or, if no person is named, the Chairman of the Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the Annual General Meeting to be held at 11.00 am (DST) on 14 November 2008 at The Esplanade Hotel, 46 Marine Terrace, Fremantle WA 6160 and at any adjournment thereof. If no directions are given, the Chairman will vote in favour of all of the resolutions.

Voting on Business of the General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-Election of Directors – Clive McKee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Issue of shares to Mr Julian Sandt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If you do **not** wish to direct your proxy how to vote, please place a mark in this box

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of the 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 the Resolutions and your votes will not be counted in calculating the required majority if a poll is called on these Resolutions. The Chairman intends to vote in favour of these Resolutions.

IF THE CHAIRMAN IS TO BE YOUR PROXY IN RELATION TO THE RESOLUTIONS YOU MUST EITHER MARK THE BOXES DIRECTING YOUR PROXY HOW TO VOTE OR MARK THE BOX INDICATING THAT YOU DO NOT WISH TO DIRECT YOUR PROXY HOW TO VOTE, OTHERWISE THIS APPOINTMENT OF PROXY IN RELATION TO THE RESOLUTIONS WILL BE DISREGARDED.

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.

Signed this day of 2008

By:

Individuals and joint holders

Companies (affix common seal if appropriate)

Signature

Director

Signature

Director/Company Secretary

Signature

Sole Director and Sole Company Secretary

ORCHID CAPITAL LTD
ABN 30 073 099 171

Instructions for Completing 'Appointment of Proxy' Form

1. A member entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the proxy form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - directors of the company;
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a proxy form will not prevent individual shareholders from attending the meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the meeting.
5. Where a proxy form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
6. To vote by proxy, please complete and sign the proxy form enclosed:
 - (a) Post or deliver the proxy form by hand to the Company's place of business at Suite 6, 32 Hines Road, O'Connor, Western Australia 6163; or
 - (b) Send the proxy form by facsimile to the Company on facsimile number +61 8 9338 8699.

so that it is received no later than 11.00am (DST) on 12 November 2008

Proxy forms received later than this time will be invalid.