



Recoilless Technologies International Corp. Limited
XXI Century Pioneer of Recoilless Technologies

Annual General Meeting Minutes 17 November 2006

The Annual General Meeting of Recoilless Technologies International Corp. Limited (RTI) was held on Friday 17 November 2006 at the Hemisphere Conference Centre, 488 South Road. Moorabbin, Victoria, commencing at 7.00pm AEDT.

11 % of Shareholders attended in person with 74 % attending by proxy.

Non Executive Director and Vice Chairman of RTI Mr John Murray chaired the AGM and commenced proceedings by welcoming Shareholders and guests followed by outlining the structure of the meeting.

1. Conduct the formal business, namely taking of a quorum to ensure proposed resolutions can be decided on;
2. Receive and consider the Financial Report;
3. Receive and consider the Directors' Report;
4. Vote on 9 Ordinary Resolutions pertaining to the election of Directors; and
5. Close the meeting at the conclusion of voting and questions.

Prior to the commencement of formal proceedings Mr Murray introduced the additional members of the RTI Board:

- ❖ Mr Richard Giza, Chairman and Managing Director
- ❖ Mr Joseph Vella, Executive Director
- ❖ Mr Adam J Vella, Non Executive Director
- ❖ Major General Peter J Dunn (Retd.), Non Executive Director
- ❖ Brigadier Stephen H Ayling (Retd.) , Non Executive Director
- ❖ Mr Les Targ, Non Executive Director
- ❖ Mr Douglas A Kelley, Non Executive Director
- ❖ Mr Mark Darras, Non Executive Director.

Mr Murray thanked Shareholders for their continued support and assured them that the Board and Executives are committed to RTI and the realization of its objectives and the proper and ethical conduct of its business.

Mr Murray confirmed that the AGM is a fully constituted meeting of the Members and declared that there was a quorum present in accordance with the RTI constitution and the Corporations Act to enable the proposed resolutions to be considered.



Mr Murray confirmed that the minutes from the 4 November 2005 AGM have been accepted and signed by the Chairman.

It was recommended to Shareholders that they vote in favour of all resolutions.

Ordinary Business

Item 1 – Financial Report

Shareholders were asked to consider the Financial Report for the financial year ended 30 June 2006. Mr Murray outlined some financial highlights from the 2005/2006 financial year and the outlook for the 2006/2007 financial year.

2005/2006 Financial Year

- ❖ Total assets increased by 85% on 2005.
- ❖ Total liabilities increased by 23% on 2005.
 - Approximately 56% of liabilities (\$700k) related to equity payment arrangements ie non cash liabilities.
 - Major focus on debt/loan reduction.
 - More than \$1 million in loans has been repaid over last 12 months.
 - Net deficiency in assets reduced by 13.6% on 2004/2005.
 - Operating losses reduced by almost 30% on 2004/2005.

2006/2007 Financial Year

- ❖ Focus on debt/loan reduction (further \$200k repaid since end of 2005/2006 financial year).
- ❖ Board strategy in place to strengthen RTI assets through proposed acquisition of the Recoilless Technology Intellectual Property (IP) from Vader Pty Ltd (Vader).
- ❖ Increased priority on fund raising to fund working capital and the acquisition of the IP.
- ❖ Board Audit Committee to be established in 1st quarter 2007.

Shareholders were given the opportunity to ask questions in relation to the Financial Report and answers were provided by Mr Murray.

Questions

- Q. What are the Directors fees as page 23 of the financial report states \$564,000, page 26 states \$70,000 and page 29 \$33,000? SRN 1382
- A. The annual remuneration paid to RTI's Non Executive Directors is \$30,000 plus the standard superannuation requirements. The Vice Chairman is remunerated \$45,000 plus the standard superannuation requirements. Executive Directors are not entitled to separate Director fees as these are incorporated in annual remuneration packages.
- Q. What do Beema Holdings supply? SRN 1382
- A. Beema Holdings of which Mr Murray is a Director, provides Management Consulting Services and \$45,000 per annum is remunerated to Beema Holdings. Mr Murray advised



that he is also remunerated \$40,000 per annum in a personal capacity. To employ the full time services of a Management Consulting Company and a Chief Financial Officer and Company Secretary, the costs involved will be significantly greater than the combined amount paid to Beema Holdings and Mr Murray.

Q. Is Mr Murray working full time for RTI? SRN 1382

A. Mr Murray works in a part time capacity for RTI.

Q. Is it proposed that RTI buy the technology from Vader and if so for what amount if a 100 year licence has already been set up to protect the technology? SRN 1118

A. The Board has resolved to purchase the technology but the purchase price is yet to be decided. The Investors have bought into RTI and RTI does not own the technology. An Extraordinary General Meeting of Shareholders will be required in 2007 to address this related party transaction. An external party has been engaged to provide advice in this regard.

Q. What percentage of Shareholder votes is required for this transaction? SRN 1118

A. The purchase of the technology will be addressed by special resolution which requires 75% of Shareholder votes.

Q. Most 'Mum and Dad' Shareholders have bought into RTI because they knew about it through Mr Richard Giza and Mr Joseph Vella and saw that they were struggling. Now it appears that funds are being absorbed by Executive and Non Executive Director payments. Can it please be explained to simple unsophisticated Shareholders who always thought that Vader and RTI were one of the same why we are now considering a purchase of the technology? SRN 1114

A. The acquisition and ownership of the technology by RTI will provide Shareholders with significant value in the form of an asset. It is more beneficial to own the technology rather than just have a licensing arrangement to commercialise the technology. At an Extraordinary General Meeting of Shareholders, recommendations will be made and Shareholders asked if they would prefer to own the technology or licence the technology.

Q. If RTI was to fail can RTI in agreement with Vader still sell the licence? SRN 1382

A. RTI could sell the licence but in order to fully commercialise the technology, RTI needs to ultimately have full access and control of it.

Q. Shareholders received a notice of Annual General Meeting outlining the Directors to be elected to the Board. When do Shareholders have the opportunity to nominate a person for the Board and how can Shareholders be informed that they can nominate a Director? SRN 1382

A. There is no set time for the nomination of a Director and therefore they can be nominated at any time. Ultimately the Board makes the decision on the suitability of each candidate based on the skill sets. It is then up to Shareholders to formerly vote and elect each Director.

Q. Where will RTI source the money to buy the technology? SRN 1109

A. The Board believes that the purchase of the technology will be possible by an Initial Public Offer but this is dependent on legal and ASX advice.

Q. How can the salaries paid to Directors be justified and can each Board member justify their input to date? SRN 1243

A. The salaries paid to the Directors was approved at an Extraordinary General Meeting of Shareholders. The current standard salary for a Non Executive Director according to the Australian Institute of Company Directors is \$70,000. RTI currently pays \$30,000 and \$45,000 for the Vice Chairman. The RTI Board is very hands on and therefore additional fees are paid for duties as if paying a management firm or employee.



- Q. Can the shares that we have be sold? SRN 1056
A. Shares can be sold at any time however it is easier at IPO time. Independent financial advice is required in this regard.

Proposed Motion

Mr Murray proposed a motion to accept the Financial Report.

Seconded by SRN 1114.

Nil Shareholders opposed the Financial Report therefore the motion was carried.

Item 2 – Directors’ Report

Shareholders were asked to consider the Directors’ Report for the financial year ended 30 June 2006. Mr Murray outlined some highlights from the previous 12 months and made two special announcements that were not included in the report.

- ❖ Issue of RTI’s first public Prospectus.
 - Minimum subscription reached 12 April 2006.
 - Three Supplementary Prospectus’ issued to date to reflect commercial achievements, further technical achievements and granting of additional patents.
 - Funds raised provided ability to repay debt, continue enhancing internal capabilities, increase security and progress discussions with a number of international parties.
- ❖ Changes and enhancements to the Board of Directors.
 - Resignation of Professor Ross Babbage.
 - Appointment of Major General Peter Dunn, Mr Les Targ and Mr Mark Darras.
- ❖ Continuing discussions with DSTO and application to Defence Materiel Cooperation and Export Committee for export licence approval.
- ❖ Relationship building with the Australian Embassy in the United States and the Australian High Commission in the United Kingdom.
- ❖ Progressing discussions with United States Defence Contractor.
- ❖ Commencement of discussions with overseas Small Arms Manufacturers.
- ❖ Continuing and furthering media awareness campaigns.
- ❖ Technology developments and prototype developments.
 - Obtainment of additional patents.
 - Preparing to file additional patents.



- Signing of an in-principle agreement between RTI and Vader for the sale of the Recoilless Technology IP.
- ❖ Capability Enhancements.
 - Teaming agreements concluded with two companies to provide specific services to RTI to continue internal development and enhance overall capabilities.
- ❖ Preliminary preparations for an Australian Stock Exchange (ASX) Listing.
 - Discussion initiated with ASX and professional advisors.
 - Ensuring compliance with legal requirements for an ASX listing.
 - Tentative target date for listing set pending achievement of RTI's commercial objectives, Shareholder approval and ASX admission criteria.
- ❖ Strategy Weekend areas of focus
 - Evaluation of RTI's strategic performance against 2005 Strategy Weekend
 - Key contract discussion
 - Overall intellectual property strategy
 - Organisational structure and development
 - Preparation for stock exchange listing
- ❖ Other projects accelerated with achievement of minimum subscription
 - Security enhancement of R&D facilities
 - Technical and computer analysis of the Recoilless Technology
 - Advanced development and enhancement of prototypes
 - Engagement of a senior military advisor based in the United Kingdom
 - Potential acquisition of an R&D facility
 - Engagement of USA legal representation and intellectual property advisors

Special Announcements

1. Appointment of New Chief Executive Officer
 - History of proven performance at executive level
 - Strong leadership and management skills
 - Knows the industry – Australia and Internationally
 - Key contacts at senior levels in industry / Government
 - Capability to deliver commercialisation objectives



2. Signing of first commercialisation contract

With pleasure Mr Murray announced the appointment of Major General Peter Dunn as RTI's new CEO. Mr Murray invited Major General Peter Dunn to address Shareholders and make some special announcements on the signing of RTI's first commercialisation agreement and other international developments.

Major General Dunn introduced himself to Shareholders and provided a brief summary of the year ahead. Major General Dunn confirmed that he will be moving to Melbourne from Canberra and commence full time with RTI from 1 February 2007. Major General Dunn believed that during the last two months things have really started to happen within RTI and it is his job to ensure Shareholders are happy and he will ensure his accessibility and willingness to listen to any Shareholder inquiries.

The meeting was returned to Mr Murray and a motion was proposed.

Proposed Motion

Mr Murray proposed a motion to accept the Directors' Report.

Seconded by SRN 1185.

Nil Shareholders opposed the Directors' Report therefore the motion was carried.

Mr Murray moved to the Ordinary Resolution agenda items relating to the election of Directors to the RTI Board. Prior to each election, Mr Murray provided Shareholders with a brief professional biography on each Director and recommended that Shareholders vote in favour of the elections. Due to the number of Shareholders present it was considered too timely to vote according to number of shares held ie one share equals one vote, therefore voting took place by show of hands.

Ordinary Resolutions

Item 1 – Election of Director Mr Richard Giza

Mr Murray proposed that Mr Richard Giza be elected to the Board.

Seconded by SRN 1056.

Nil Shareholders both present and by proxy opposed the election of Mr Richard Giza to the Board therefore the motion was unanimously passed.

Item 2 – Election of Director Mr Joseph Vella

Mr Murray proposed that Mr Joseph Vella be elected to the Board.

Seconded by SRN 1382.

Nil Shareholders both present and by proxy opposed the election of Mr Joseph Vella to the Board therefore the motion was unanimously passed.

Item 3 – Election of Director Mr John Murray

Major General Peter Dunn proposed that Mr John Murray be elected to the Board.

Seconded by SRN 1133.



Nil Shareholders that were present opposed the election of Mr John Murray to the Board therefore the motion was unanimously passed.

Item 4 – Election of Director Mr Adam Vella

Mr John Murray proposed that Mr Adam Vella be elected to the Board.

Seconded by SRN 1119.

Nil Shareholders both present and by proxy opposed the election of Mr Adam Vella to the Board therefore the motion was unanimously passed.

Item 5 – Election of Director Brigadier Stephen Ayling

Mr John Murray proposed that Brigadier Stephen Ayling be elected to the Board.

Seconded by SRN 1084.

Nil Shareholders that were present opposed the election of Brigadier Stephen Ayling to the Board therefore the motion was unanimously passed.

Item 6 – Election of Director Mr Douglas Kelley

Mr John Murray proposed that Mr Douglas Kelley be elected to the Board.

Seconded by SRN 1311.

Nil Shareholders that were present opposed the election of Mr Douglas Kelley to the Board therefore the motion was unanimously passed.

Item 7 – Election of Director Mr Les Targ

Mr John Murray proposed that Mr Les Targ be elected to the Board.

Seconded by SRN 1302.

Nil Shareholders that were present opposed the election of Mr Les Targ to the Board therefore the motion was unanimously passed.

Item 8 – Election of Director Mr Mark Darras

Mr John Murray proposed that Mr Mark Darras be elected to the Board.

Seconded by SRN 1302.

Nil Shareholders that were present opposed the election and 6.42% Shareholders by proxy opposed the election of Mr Mark Darras to the Board therefore the motion was passed by majority vote.

Item 9 – Election of Director Major General Peter Dunn

Mr John Murray proposed that Major General Peter Dunn be elected to the Board.

Seconded by SRN 1133.



Nil Shareholders that were present opposed the election of Major General Peter Dunn to the Board therefore the motion was unanimously passed.

At the conclusion of voting, Shareholders were provided the opportunity to ask questions which were addressed by the Board.

Q. Are there any potential competitors? SRN 1228

A. Various searches can be conducted on patents worldwide and this is a continuing practice and so far nothing has been recovered in the form of competitors. Heavy reliance is placed on the Patent Attorney and currently work is in progress on the second stage patent launches. Another indicator that there are no current competitors is that Tactical Aerospace Group has been searching worldwide for a partner and the same with the United Kingdom Ministry of Defence.

Q. Congratulations to RTI personnel for the hard work and also to Mr Mark Darras for his investment work in the last couple of weeks. Has the value of the company increased because in 2002 investments were at \$1 per share and they are still today \$1 per share? Will another Prospectus be issued? SRN 1118

A. The Board has resolved to issue another Prospectus and pricing is yet to be announced although it is anticipated that the cost per share will be greater than the current price of \$1.

Q. What is a Joint Venture worth and if RTI does list on the ASX, can speculation be made on what a \$1 share would be worth? SRN 1114

A. RTI is forbidden by law to speculate on the worth even considering beliefs. It is suggested that Shareholders consider the Prospectus and market size.

Q. What is happening with Channel 9? SRN 1015

A. RTI has connections at ABC and Channel 9 and as it is coming to the end of the year programs are concluding therefore RTI is trying to schedule a story for the beginning of 2007.

Q. Taking into account the risk and time factor, is there something for Shareholders that made an early investment? SRN 1056

A. The Board will consider this and report to Shareholders.

Q. The issue of preference shares to Mr Richard Giza and Mr Joseph Vella tell Shareholders that their shares have diminished in value although there is nil profit. It is the responsibility of the Board to look after the financial investment of Shareholders. SRN 1118

A. The preference shares have no rights to dividends or priority in the event of liquidation and were issued for control purposes as approved by Shareholders at an Extraordinary General Meeting.

Q. What procedure is in place in the event of Mr Richard Giza's ill health? SRN 1284

A. There is an insurance policy for Mr Giza. More than one individual knows the IP and it is also shared and distributed for security purposes. There are also patents in place to protect the IP.

There being no further business the meeting was declared closed at 9.10pm AEDT.

Signed as a true record:

Mr John Murray
Vice Chairman
Dated: 30/01/2007