



WEBSPY LIMITED

ABN 60 066 153 982

2008

NOTICE OF ANNUAL GENERAL MEETING EXPLANATORY STATEMENT AND PROXY FORM

*For an Annual General Meeting to be held on Friday, 28 November 2008 at
4:00 p.m. (WDST) at Level 3, 9 Colin Street,
West Perth, Western Australia, 6005*

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WEBSPY LIMITED

ABN 60 066 153 982

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of WebSpy Limited (**Company** or **WebSpy**) is to be held on Friday, 28 November 2008, at Level 3, 9 Colin Street, West Perth, Western Australia, 6005, commencing at 4:00 p.m. (WDST).

AGENDA

Financial Statements and Reports

To receive and consider the financial statements for the Company for the year ended 30 June 2008 and the reports of the directors and auditors thereon.

Resolution 1 - Remuneration Report

To consider and, if thought fit, to pass the following resolution as a **non-binding resolution**:

"To adopt the Remuneration Report for the year ended 30 June 2008."

Note that the vote on this item is advisory only and does not bind the directors or the Company.

Resolution 2 - Re-election of Director - Mr William Brooks

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That Mr Brooks, having been appointed as a director of the Company on 23 May 2008, who retires in accordance with clause 3.3 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 Director - Mr Francis Galbally

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That Mr Galbally, having been appointed as a director of the Company on 21 July 2008, who retires in accordance with clause 3.3 of the Company's Constitution and being eligible and offering himself for re-election, be re-elected as a Director of the Company."

Resolution 4 - Re-election of Director - Mr John Chua

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That Mr Chua, having been appointed as a director of the Company on 21 July 2008, who retires in accordance with clause 3.3 of the Company's Constitution and being eligible and offering himself for re-election, be re-elected as a Director of the Company."

Resolution 5 - Re-election of Director - Mr Tom McGellin

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That Mr McGellin, being a director of the Company who retires by rotation in accordance with clause 3.6 of the Company's Constitution and being eligible and offering himself for re-election, be re-elected as a Director of the Company."

BY ORDER OF THE BOARD

Anthony Ho
Company Secretary

30 October 2008

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NOTES:

1. A shareholder entitled to attend and vote is entitled to appoint not more than two proxies to attend and vote on behalf of the shareholder. A proxy need not be a shareholder of the Company, but must be a natural person (not a corporation). A proxy may also be appointed by reference to an office held by the proxy (eg the Company Secretary).
2. Where more than one proxy is appointed, each proxy may be appointed to represent a specified proportion of the shareholder's voting rights. If no such proportion is specified, each proxy may exercise half of the member's votes.
3. A proxy form is attached. A separate form must be used for each proxy. An additional form can be obtained by writing to the Company at P.O. Box 881, West Perth, Western Australia 6872 or by fax to (61 8) 9321 3377 or by email to shareholder@webspy.com. Alternatively, you may photocopy the attached form.
4. A duly completed proxy form and (where applicable) any power of attorney or a certified copy of the power of attorney must be received by the Company at its registered office or the address or fax number set out below, not less than 48 hours before the time for commencement of the meeting. Please send by post to PO Box 881, West Perth, Western Australia 6872 or by fax to (61 8) 9321 3377.
5. The Company will accept proxy appointments by a corporate member executed in accordance with either section 127(1) (not under seal) or section 127(2) (under seal) of the Corporations Act.
6. In accordance with Regulation 7.11.37 of the Corporations Act, the time nominated by the Board for the purpose of determining the identity of those entitled to attend and vote at the meeting is 5.00 pm (WDST) on Wednesday, 26 November 2008.
7. The Explanatory Statement attached to this Notice forms part of this Notice.
8. 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 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.

ANNUAL REPORT ONLINE

WebSpy's Annual Report for year ended 30 June 2008 is available on the
Company's website at
<http://www.webspy.com/about/publications.aspx>.

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EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of shareholders in the Company in connection with the Annual General Meeting to be held on Friday, 28 November 2008 at 4:00 pm (WDST).

If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice, please contact the Company, your stockbroker or other professional adviser.

1. GENERAL INFORMATION

This Explanatory Statement has been prepared for the shareholders of the Company in connection with the Annual General Meeting of the Company.

2. RESOLUTION 1 - REMUNERATION REPORT

The directors' report for the year ended 30 June 2008 contains a Remuneration Report which sets out the policy for the remuneration of the directors and executives of the Company. Section 250R(3) of the Corporations Act 2001 expressly provides that the vote on the resolution is advisory only and does not bind the directors or the Company.

3. RESOLUTION 2 - RE-ELECTION OF A DIRECTOR - MR WILLIAM BROOKS

Clause 3.3 of the Constitution states that the Board may appoint a person to be a Director at any time except during a general meeting. The director automatically retires at the next annual general meeting and is eligible for re-election. Mr Brooks was appointed to the Board on 23 May 2008 and in accordance with Clause 3.3 of the Constitution, seeks re-election as a Director.

Mr Brooks has been involved in the exploration and mining industry for over 20 years and has substantial interests in the hospitality industry, developing and owning a successful motel business. He currently holds a non executive position on the board of Reward Minerals Ltd. Mr Brooks' board and investor experience in both listed and private firms is used to review shareholder value in the Company.

Directors' Recommendation

The Board (other than Mr Brooks) recommends shareholders vote in favour of the Resolution.

4. RESOLUTION 3 - RE-ELECTION OF A DIRECTOR - MR FRANCIS GALBALLY

Clause 3.3 of the Constitution states that the Board may appoint a person to be a Director at any time except during a general meeting. The director automatically retires at the next annual general meeting and is eligible for re-election. Mr Galbally was appointed to the Board on 21 July 2008 and in accordance with clause 3.3 of the Constitution, seeks re-election as a Director.

Mr Galbally is a director of Novus Capital Pty Ltd, a specialist corporate advisory business based in Melbourne. Mr Galbally has significant experience with listed companies in Australia particularly in the IT, finance and property industries. He was the chairman and CEO of Senetas Corporation Ltd, an ASX 300 company and a leading supplier of high speed network encryption technology servicing organisations such as the ATO, Australian Federal Police, US Department of Defence, NAB, Westpac etc. Mr Galbally has also over 20 years of experience as a barrister and solicitor prior to his current principal activity as a corporate advisor.

Directors' Recommendation

The Board (other than Mr Galbally) recommends shareholders vote in favour of the Resolution.

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5. RESOLUTION 4 - RE-ELECTION OF A DIRECTOR - MR JOHN CHUA

Clause 3.3 of the Constitution states that the Board may appoint a person to be a Director at any time except during a general meeting. The director automatically retires at the next annual general meeting and is eligible for re-election. Mr Chua was appointed to the Board on 21 July 2008 and in accordance with clause 3.3 of the Constitution, seeks re-election as a Director

Mr Chua is a director and CEO of Kim Hin Industry Berhad, one of Malaysia's leading ceramic products manufacturers listed on Bursa Malaysia (formerly the Kuala Lumpur Stock Exchange). Mr Chua is a graduate in Arts (Economics) with honours from the University of Warwick in the United Kingdom. He has extensive corporate and management experience in the ceramic industry having worked in Kim Hin Industry for over 25 years.

Directors' Recommendation

The Board (other than Mr Chua) recommends shareholders vote in favour of the Resolution.

6. RESOLUTION 5 - RE-ELECTION OF A DIRECTOR - MR TOM MCGELLIN

Clause 3.6 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. Additional Directors appointed since the last annual general meeting shall not be taken into account in determining the Directors who are to retire by rotation. Mr McGellin retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election.

Mr McGellin was a founding partner and director of Netlink WA Pty Ltd from 1994 to 1999 when it was acquired by WebSpy Ltd. Subsequent to this he became active and familiar with the Company's products and management team in his role as a past director of one of WebSpy's wholly owned subsidiaries. Mr McGellin is currently a director of other non-listed public companies.

Directors' Recommendation

The Board (other than Mr McGellin) recommends shareholders vote in favour of the Resolution.

7. ENQUIRIES

Shareholders are invited to contact Mr Anthony Ho (Company Secretary) on +618 6389 2688 if they have any queries in respect of the matters set out in these documents.

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PROXY FORM

.....
(Name of member or members)

Of

.....
(Address of member or members)

(the 'Member'), a member of WEBSPY LIMITED, hereby appoints:

.....
(Name of Proxy)

or, failing that person, the Chairman of the meeting as the Member's proxy to vote for the Member and on the Member's behalf at the Annual General Meeting of the Company to be held on Friday, 28 November 2008 at Level 3, 9 Colin Street, West Perth, Western Australia, 6005, commencing at 4:00 p.m. (WDST) and at any adjournment of that meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of each of the items of business.

The proxy is directed to vote in the following manner:

Resolution	FOR	AGAINST	ABSTAIN
1. Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of Director - Mr William Brooks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Re-election of Director - Mr Francis Galbally	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Re-election of Director - Mr John Chua	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Re-election of Director - Mr Tom McGellin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Shareholders should note the voting restrictions set out in the Notice of Meeting. A mark should be placed in the appropriate box if the Member wishes to direct the proxy to vote in a specified way in relation to the above resolution. If no direction is given, the proxy may vote or not as the proxy sees fit.

This form must be signed by the Member or by an attorney of the Member (in the case of a body corporate, the proxy form must be executed in accordance with Section 127 of the Corporations Act and in the case of a Sole Director/Secretary company, please indicate "Sole Director").

Dated:

.....
Signature of Member

.....
Signature of Member

SIGNED for and on behalf of

by its duly appointed attorney in the presence of:

.....
Name of Member (printed)

.....
Witness

.....
Attorney

.....
Name (printed):

.....
Name (printed):

.....
Date of Power of Attorney:

.....
Director

.....
Secretary

.....
Name (printed):

.....
Name (printed):

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INSTRUCTIONS FOR COMPLETING PROXY FORM

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2. Where more than one proxy is appointed, each proxy may be appointed to represent a specified proportion of the member's voting rights. If no such proportion is specified, each proxy may exercise half of the shareholder's votes.
3. A proxy form is attached. A separate form must be used for each proxy. An additional form can be obtained by writing to the Company at P.O. Box 881, West Perth, Western Australia 6872 or by fax to (61 8) 9321 3377. Alternatively, you may photocopy the attached form.
4. A duly completed proxy form and (where applicable) any power of attorney or a certified copy of the power of attorney must be received by the Company at its registered office or the address or fax number set out below, not less than 48 hours before the time for commencement of the meeting. Please send by post to PO Box 881, West Perth, Western Australia 6872 or by fax to (61 8) 9321 3377.
5. The Company will accept proxy appointments by a corporate member executed in accordance with section 127 of the Corporations Act.
6. The time nominated by the Board for the purpose of determining the voting entitlements at the meeting is 5:00 p.m. on Wednesday, 26 November 2008.
7. The Explanatory Statement attached to this Notice forms part of this Notice.
8. 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.
9. 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.

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