



24th July 2009

Dear Shareholder

PRO-RATA NON-RENOUNCEABLE RIGHTS ISSUE OF SHARES

The Board of Vortex Pipes Ltd ("Vortex" or the "Company") is pleased to offer the opportunity to acquire additional shares in the Company. Please find attached an Offer Document for your consideration.

The amount of additional capital being sought will enable the Company to continue developing its business and its various technologies. The Board is now confident that Vortex is now poised to move forward on its various business endeavours and IP development. All Board members have stated their intention to subscribe fully for their rights entitlement.

In summary an update on Vortex's business:

- **GRE Pipes:** Vortex is the exclusive Australian distributor for FiberGlass Systems GRE (Glass Reinforced Epoxy) Pipes (www.smithfibercast.com). It has been working with its partner, FiberGlass Systems, and submitted tenders on various pipe supply projects. Those projects are now reaching the point where we expect to see final investment decisions being made and contracts confirmed. Whilst no assurance to success can be provided, Vortex is confident that it will be successful in being awarded some of these contracts;
- **ShieldLiner:** Vortex has now successfully completed its stated development program on the ShieldLiner technology. In 2005, the ShieldLiner technology was awarded the Best New Product Category from the International Society of Trenchless Technology. The "commercial ready" development program has been going since July 2006 and was funded by Vortex and a \$1.28m Commercial Ready grant from the Federal Government. A final in-ground test will conclude the testing regime and this is expected to be completed shortly. With the program's successful conclusion, Vortex is now approaching parties who have previously shown interest in commercialising or buying the ShieldLiner technology;
- **QuickPipes:** Vortex has completed the initial test work and scoping studies on its Quickpipes technology. An initial White Paper and program development milestones will be published shortly. Based on the initial sample composite pipes produced, Vortex has received very positive feedback from various industry participants and this is reflected in the forthcoming White Paper; and
- **Pipe Re-lining:** Vortex previously announced that it was awarded work on a relining job for the Water Corporation of WA. Vortex believes that its UV light curing technology together with the Saertex multiCom fibreglass and resin lining product is superior in quality to other solutions available in Australia. Vortex believes that a successful installation will provide it with a reference site to show Water Corp and other Australian water utilities the benefits of this technology and the technical and economic benefits of the Saertex technology.

The amount of additional capital being sought is up to approximately \$1,137,243 (before expenses of the issue). Details of the Rights Issue are set out in the accompanying materials and you should read these in their entirety before deciding to participate. Key points of the Rights Issue are as follows:

- Under the Rights Issue you are able to acquire additional fully paid ordinary shares in the Capital of the Company (Shares) via a non-renounceable rights issue on the basis of one (1) New Share for every two (2) Shares held at the record date of 22 July 2009.

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- For personal use only
- There are no transaction costs payable on the allotment of shares under the Rights Issue.
 - Should you elect to participate in the Rights Issue, all shares will be issued at 3 cents each. This pricing represented a discount of 25% from Vortex's share price immediately before announcement of the Offer.
 - Shares allotted under the Rights Issue will rank equally with existing fully paid ordinary shares.

The time table for the Rights Issue is set out under section 1.10 of the Offer Document.

To participate in the Rights Issue you must follow the actions in section 2 of the Offer Document.

Transaction confirmation statements are expected to be dispatched on 21 August 2009 to Issuer Sponsored and CHES participants for shares allotted under the Rights Issue.

The Directors encourage you to consider the Offer carefully. If you are unsure about any aspects of the Offer we would encourage you to consult your financial advisor.

If you have any questions in relation to the Rights Issue, please do not hesitate to contact the Company Secretary, Rob Cameron-Wilton, on (08) 9456 1002.

Thank you for your continuing support as a shareholder of Vortex.

Yours sincerely



Mark Jenkins
Chairman



VORTEX PIPES LIMITED
ABN 80 096 870 978

OFFER DOCUMENT

For a non-renounceable Rights Issue of one (1) New Share for every two (2) Shares held by Shareholders registered at 5:00pm (WST) on 22 July 2009 at an issue price of \$0.03 per New Share to raise up to approximately \$1,137,243 (Offer).

IMPORTANT NOTICE

This document is not a prospectus. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the New Shares offered by this document.

This document is important and requires your immediate attention.

It should be read in its entirety. If you do not understand its content or are in doubt as to the course you should follow, you should consult your stockbroker or professional adviser without delay.

This Offer opens on 27 July 2009 and closes at 5:00pm WST on 17 August 2009. However, the Directors reserve the right to close the Offer early or extend the Closing Date.

Valid Applications must be received before the Offer closes.

Please read the instructions in this document and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Right.

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IMPORTANT NOTES

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation not so contained may not be relied on as having been authorised by the Company or any of its officers in connection with the Offer.

Eligibility

Applications for New Shares by Eligible Shareholders can only be made on an original Entitlement and Acceptance Form, as sent with this Offer Document. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Right to participate in the Offer.

Overseas Shareholders

This Offer Document has been prepared to comply with the requirements of the laws of Australia. No action has been taken to register this Offer Document in any jurisdiction outside Australia and New Zealand, or to otherwise permit a public offering of Rights or Shares in any jurisdiction outside Australia and New Zealand. Any failure to comply with foreign legal restrictions in connection with the Rights Issue may constitute a violation of applicable securities laws, and persons who receive this Offer Document should seek advice on and observe any such restrictions. This Offer Document does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

Privacy Act

As a Shareholder, Vortex and the Share Registry have already collected certain personal information from you. If you apply for New Shares, Vortex and the Share Registry may update your personal information or collect additional personal information. Such information will be used to assess your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration. Company and tax law requires some of the information to be collected. If you do not provide the information requested, your Application may not be able to be processed efficiently, if at all.

Vortex and the Share Registry may disclose your personal information for purposes related to your shareholding to their agents and service providers as authorised under the Privacy Act. Under the Privacy Act, you may request access to your personal information held by (or on behalf of) Vortex or the Share Registry. If Vortex's or the Share Registry's record of your personal information is incorrect or out of date, it is important that you contact the Share Registry so that your records can be corrected.

Governing law

This Offer Document, the Rights Issue and the contracts formed on acceptance of the Applications are governed by the laws applicable in Western Australia. Each Applicant submits to the exclusive jurisdiction of the courts of Western Australia.

Enquiries

If you have any questions in relation to the Rights Issue, please contact your stockbroker, solicitor, accountant or financial adviser. If you have any queries about your Right please contact the Share Registry on the number below:

Security Transfer Registrars Pty Ltd
Alexandrea House
Suite 1
770 Canning Highway
Applecross WA 6153
Telephone: +61 8 9315 2333
Facsimile: +61 8 9315 2233
<http://www.securitytransfer.com.au>

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1. DETAILS OF THE OFFER

1.1 The Offer

The Company is making a pro rata non-renounceable offer of New Shares at an issue price of \$0.03 each on the basis of one (1) New Share for every two (2) Shares held on the Record Date (the Offer) to raise up to approximately \$1,137,243.

1.2 Use of Funds

Capital raised under the Rights Issue will be used by the Company to supplement working capital.

In the event that the Company does not received the full subscription of \$1,137,243, the funds raised pursuant to the Offer will be first applied towards the Expenses of the Offer, and secondly towards supplementing the Company's working capital.

1.3 Minimum Subscription

The minimum subscription in respect of this Offer is \$210,000 (7 million New Shares).

No Shares will be allotted or issued until the minimum subscription has been received. If the minimum subscription is not achieved within 3 months after the date of the Offer, the Company will repay the Application monies to the Applicants.

1.4 Underwriting

The Offer is not underwritten. Indian Ocean Capital Pty Ltd has been appointed to act as Lead Manager to the rights issue and may assist in placing any shortfall.

1.5 Rights and Acceptance

The Right of Eligible Shareholders to participate in the Offer will be determined on the Record Date. Your Right is shown on the Entitlement and Acceptance form accompanying this Offer Document.

Acceptances must not exceed your maximum Right (as shown on the Entitlement and Acceptance Form), although you may accept for a lesser number of New Shares should you wish to take up only part of your Right. If your acceptance exceeds your Right, acceptance will be deemed to be for your maximum Right and any surplus application monies will be returned to you. Refer to Section 2 for instruction on how to accept your Right.

1.6 No Rights Trading

The rights to New Shares under the Offer are non-renounceable. Accordingly, there will be no trading of rights on the ASX and you may not dispose of your rights to subscribe for New Shares under the Offer to any other party. If you do not take up your Right to New Shares under the Offer by the Closing Date, the Offer to you will lapse.

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1.7 Shortfall

If you do not wish to take up any part of your Right you are not required to take any action. That part of your Right not taken up will form part of the Shortfall.

If a shortfall remains after shareholders have taken up their entitlements, the Directors reserve the right pursuant to Listing Rule 7.2 (exception 3) to place any shortfall with parties selected by them. The Directors intend to place any shortfall through the Lead Manager of the Rights Issue, Indian Ocean Capital Pty Ltd. Any existing shareholders interested in taking up part of the Shortfall may contact the Company Secretary, Rob Cameron-Wilton on (08) 9456 1002 or by email on rob.cameron-wilton@vortexpipes.com. It should be noted that advising of expressions of interest in taking up part of the Shortfall is not an assurance that any Shortfall allocation may be forthcoming.

1.8 Commissions Payable

The Company may enter into firm commitment agreements with Australian financial services licensees in respect of any Shortfall Shares. In the event that Shortfall Shares are placed pursuant to such agreements, the Company reserves the right to pay a commission of 5% (inclusive of GST) of amounts subscribed (which may be satisfied by the issue of Shares at a deemed issue price of \$0.03 each) to the Australian financial services licensee, subject to the receipt by the Company of a proper tax invoice.

1.9 Capital Structure

The following table shows the proposed capital structure of the Company upon completion of the Offer, and on the attainment of Minimum Subscription. The precise number of New Shares to be issued may vary and will be dependent on the number of Eligible Shareholders and their entitlements, the level of acceptances under the Offer and the success of the directors in placing some or all of the shortfall.

	Full Subscription	Minimum Subscription
Existing Shares on issue at date of this Offer Document	75,816,212	75,816,212
Number of New Shares now offered	37,908,106	7,000,000
Total shares on issue after completion of the Offer	113,724,318	82,816,212
Options to acquire shares on issue at the date of this Offer Document *	2,270,000	2,270,000
Total options on issue after completion of the Offer	2,270,000	2,270,000

* Holders of Options will not be entitled to participate in the Offer. The Options currently on issue may be exercised by the Option holders prior to the Record Date in order to participate in the Offer. The number of Shares on issue and the number of Shares offered by this Offer will increase by the number of Options exercised prior to the Record Date.

Where the determination of the Right of any Eligible Shareholder results in a fraction of a New Share, such fraction will be rounded up to the nearest whole New Share.

1.10 Timetable

Event	Proposed Date
Announcement of Offer and lodgement of Cleansing Notice and Appendix 3B	14 July 2009
Notice sent to Security Holders	15 July 2009
Shares commence trading on an Ex Entitlement basis	16 July 2009
Record date to identify shareholders entitled to participate in the Offer	22 July 2009
Offer Document dispatched to Shareholders	24 July 2009
Rights Issue opens	27 July 2009
Closing Date* at 5 pm WST	17 August 2009
Notify ASX of under subscriptions	20 August 2009
Despatch holding statements.	21 August 2009

These dates are subject to change and are indicative only. Vortex reserves the right to amend this Timetable including, subject to the Corporations Act and the Listing Rules, to extend the Closing Date, and Vortex reserves the right to withdraw the Rights Issue at any time before the allotment and issue of New Shares in its absolute discretion.

Issues of new Shares under this Rights Issue will only be made after approval for their quotation on ASX has been granted. Application Monies will be held by Vortex in a subscription account on behalf of each Eligible Shareholder who has applied for New Shares under the Rights Issue until the New Shares are issued. If the Rights Issue is withdrawn and New Shares are not issued, the Application Monies will be refunded to those Eligible Shareholders who applied for New Shares under the Rights Issue as soon as reasonably practicable. Interest earned on the Application Monies will be for the benefit of Vortex and will be retained by Vortex irrespective of whether New Shares are issued.

1.11 Opening and Closing Dates

The Offer opens on the Opening Date, being 27 July 2009. The Company will accept Entitlement and Acceptance Forms until 5:00 pm WST on the Closing Date or such other date as the Directors in their absolute discretion shall determine, subject to the Listing Rules.

1.12 Issue and Dispatch

The expected dates for issue of New Shares offered by this Offer Document and dispatch of holding statements is expected to occur on the dates specified in the Timetable set out in Section 1.10.

It is the responsibility of applicants to determine the allocation prior to trading in the New Shares. Applicants who sell New Shares before they receive their holding statements will do so at their own risk.

1.13 ASX Listing

Application for official quotation by ASX of the New Shares offered pursuant to this Offer Document has been made. If approval is not obtained from ASX before the expiration of 3 months after the date of this Offer Document (or such period as varied by the ASIC) the Company will not issue any New Shares and will repay all application monies for the New Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant official quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares now offered for subscription.

1.14 CHESS

The Company will apply to ASX to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of New Shares allotted to them under this Offer Document. The notice will also advise holders of their Holder Identification Number (HIN) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

1.15 Overseas Shareholders

This Offer Document and accompanying Entitlement and Acceptance Form do not, nor are they intended to, constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

The offer of securities in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Offer Document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify the New Shares the subject of this Offer Document or otherwise permit a public offering of the New Shares the subject of this Offer Document in any jurisdiction outside Australia.

It is the responsibility of applicants outside Australia to obtain all necessary approvals for the allotment and issue of the New Shares pursuant to this Offer Document. The return of a completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained.

1.16 Taxation Implications

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Offer Document. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders.

Shareholders should consult their professional tax adviser in connection with subscribing for New Shares under this Offer Document.

1.17 Dividends

The Directors will not be able to declare a dividend on the Shares unless the Company makes sufficient distributable profits from which to pay such a dividend. The Directors consider it unlikely that any dividends will be paid in respect of Shares or New Shares in the medium term.

Investors should note that ability of the Company to pay future dividends is dependent on many factors including the Company's future earnings, profits, general business and financial conditions, and capital requirements.

Final determination of any dividend payments will be at the discretion of the Directors.

1.18 Risk Factors

An investment in New Shares should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are described in Section 3.

1.19 Enquiries Concerning Offer Document

Enquiries concerning the Entitlement and Acceptance Form can be obtained by contacting Security Transfer Registrars by telephone on (08) 9315 2333 or the Company on (08) 9456 1002.

1.20 Continuous disclosure

Vortex is a disclosing entity for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. These disclosure obligations require Vortex to disclose to ASX any information that a reasonable person would expect to have a material effect on the price or value of the securities of Vortex.

Copies of documents lodged with ASX in relation to Vortex may be viewed at www.asx.com.au or through the company's website at www.vortexpipes.com.

The Rights Issue is being made to Eligible Shareholders without disclosure to investors pursuant to Section 708AA of the Corporations Act. The Company filed a notice with ASX on 14 July 2009 in accordance with section 708AA with respect to the Rights Issue.

1.21 Effect on control

The Rights Issue will mean that up to approximately 37,908,106 New Shares (subject to rounding) may be issued. Upon completion of the Rights Issue, and assuming full take-up by existing shareholders, the issued capital of the Company will comprise approximately 113,724,318 ordinary shares.

The potential effect of the Rights Issue on control of the Company will be affected by the level of applications made:

- (i) If all eligible shareholders take up their entitlements, then the Rights Issue will have no significant effect on the control of the Company.
- (ii) If particular eligible shareholders elect not to take up all of their entitlements under the Rights Issue, then the shareholding interests of those particular shareholders will be diluted.
- (iii) Although the issue is not underwritten, the directors intend to place some or all of the shortfall through the Lead Manager of the Rights Issue (subject to the ASX Listing Rules) to meet the minimum requirements of the Company. Placement of some or all of the shortfall may increase holdings of existing shareholders if they participate in the shortfall placement.
- (iv) Placement of some or all of the shortfall to new shareholders may result in their attaining a substantial shareholding in the Company. Again, the potential effect will depend on the level of take-up by existing shareholders and the resultant shortfall available to be placed.

2. ACTION REQUIRED BY SHAREHOLDERS

2.1 How to Accept the Offer

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Offer Document. Your acceptance must not exceed your Right as shown on that form. If it does, your acceptance will be deemed to be for the maximum Right.

You may participate in the Offer as follows:

- (a) if you wish to accept your Right in full:
 - (i) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided; and
 - (ii) attach your cheque or attend to payment via the BPay option for the amount shown on the Entitlement and Acceptance Form; or
- (b) if you only wish to accept part of your Right:
 - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (ii) attach your cheque or attend to payment via the BPay option for the appropriate application monies (at \$0.03 per Share); or
- (c) if you do not wish to accept all or part of your Right, you are not obliged to do anything.

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to “**Vortex Pipes Limited** – Subscription Account” and crossed “**Not Negotiable**”.

Your completed Entitlement and Acceptance Form and cheque must be forwarded to the Company’s share registry, Security Transfer Registrars, so that they are received no later than 5:00pm (WST) on the Closing Date. Entitlement and Acceptance Forms with cheques can be delivered as follows:

By Post: Security Transfer Registrars
PO Box 535
Applecross WA 6953

By Hand: Security Transfer Registrars
Alexandrea House
Suite 1
770 Canning Highway
Applecross WA 6153

The Offer is non-renounceable. Accordingly, a holder of Shares may not sell or transfer all or part of their Right.

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3. RISK FACTORS

3.1 Introduction

An investment in the Company is not risk free and investors should consider the risk factors described below, together with information contained elsewhere in this Offer Document, before deciding whether to apply for New Shares. Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for New Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

a) Design, Construction, Research and Development Risks

The risks inherent in the proposed additional research and development of the ShieldLiner System and in the design and construction of additional production equipment can be summarised as follows:

- The very nature of the type of research necessary to improve and enhance the ShieldLiner System and, in turn, the construction of the equipment is such that technical problems may be encountered which may be insurmountable;
- Problems may be encountered that may take time to solve and as such, the various research projects may not be completed within the budgeted timeframe or within budgeted cost;
- In specialised fields such as construction including research into the underground technologies of the type proposed, questions may arise for which it is not possible to locate and/or obtain the appropriate expertise. Design and construction of the ShieldLiner System equipment may be slower than expected, due to the novelty of the design and lack of experience in its construction; and
- The projected performance goals, reliability and time between service intervals may not be achieved within the time scale of the proposed testing program. It may require a number of incremental changes to be incorporated in a number of stages, or production series before targets can be achieved.

b) Operational Risks

Although Vortex will endeavour to ensure the successful development and utilisation of the ShieldLiner System, there can be no guarantee of success or that, if technically successful, the ShieldLiner System will prove to be economically viable and provide a satisfactory return to investors.

In considering potential returns available from an investment in Vortex, investors also need to consider the risks associated with business operations. Assuming the continued successful development of the ShieldLiner System and the achievement of technical and performance targets, a number of risk factors remain, including the following:

- The price of equipment and materials may change to the detriment of possible development and customer programmes;
- The costs of utilising the ShieldLiner System, associated plant and support staff may be greater than expected;
- The pipe lining process may not be approved by the relevant regulatory authorities;
- In field operations by end customers may not be successful due to materials, equipment and structural failure arising because of the novelty of the ShieldLiner System and the lack of experience and knowledge of its operation;
- Competitive or technology factors may cause an adverse change in the ability to enter into joint ventures and other strategic alliances;
- New competitor technologies may prove to be more commercially acceptable;
- Government regulations in Australian or overseas markets may restrict development of the Technologies;

- Vortex may be unable to negotiate or obtain suitable strategic partners, contracts or licensing arrangements;
- Damages may result from loss of services of key staff;
- Vortex may be subject to litigation involving intellectual property, product liabilities or other consumer issues; and
- Patent infringement and challenges may affect Vortex.

In addition, external factors such as inflation, currency fluctuations, international taxation imposts, interest rates, supply and demand and industrial disruptions can have an influence on operating costs and revenues.

c) Intellectual Property Risks

The ability of the Company to defend patents once granted, to obtain new patents, maintain trade secret protection and operate without infringing the proprietary rights of third parties is an integral part of the Company's business. Competition in obtaining and sustaining protection of technology and the complex nature of technologies can lead to patent disputes. In addition, the granting of a patent does not guarantee that the rights of others are not infringed or that competitors will not develop technology to avoid the patented technology. There can be no assurance that any patents which the Company may own or control will afford the Company commercially significant protection of its Technologies or its products or have commercial application. No guarantee can be given that the patents currently applied for or that may be sought in the future will be granted nor does the grant of a patent guarantee that the patent concerned is valid or that the Technologies (patented or otherwise) does not infringe the rights of others.

d) Competitors and Dependence on Market Acceptance of the Company's Proposed Services

The success of the Company's business will depend on the acceptance of its products and services by the market, as well as the Company's ability to enhance its products and services to meet the evolving needs of customers on a timely basis. There can be no assurance of the market's acceptance of the Company's products and services or the Company's ability to meet customers' needs.

e) Key Personnel

The key personnel and contractors employed by the Vortex have a high degree of expertise and Vortex is reliant upon their continued service to maintain research and development of the Shieldliner System. The loss of key executives or staff or the inability to recruit and retain high calibre staff to manage future growth and maintain customer support to a high standard could adversely affect Shieldliner.

There can be no assurance that the Company will be able to attract or retain sufficiently qualified personnel on a timely basis, employ key management personnel, or establish relationships with key organisations.

f) Product & Environmental Liability

The Company's business activities could result in claims against the Company including product and environmental liability claims from trials and use of the Company's products. The Company will attempt to reduce this risk through disclaimers and liability limitation clauses. The Company will also seek to maintain adequate liability insurances, however, there can be no assurance that adequate or necessary insurance coverage will be available at an acceptable cost or in sufficient amounts. In the event of product liability claims, insufficient insurance coverage could have a material adverse effect on the Company's results of operations and financial condition. If there is a problem that is attributable to the Company's products or services, the market perception of the effectiveness of the Company's products and services could also be harmed.

g) Managing Rapid Growth

Rapid growth of the Company will require preparedness for the deployment of management systems relating to financial monitoring and controls, human resources, corporate compliance, marketing, technical and creative production and changes in the competitive landscape. The Directors recognise the need to employ highly qualified people to fill expanding roles within the organisation and believe that such individuals can be attracted to the Company. Competition for such personnel may be strong.

Should there be a delay in attracting suitably qualified individuals to participate in the roll out of the Company's business model or to integrate company acquisitions, or a loss of key personnel, the financial prospects and performance of the Company may be materially affected.

h) Risks Associated with Future Acquisitions

The Company intends to investigate and consider selective acquisitions in the current business area and other industries. There are no assurances that the Company will be able to identify suitable acquisition candidates available for sale at reasonable prices, complete any acquisitions or successfully integrate any acquired business into the Company's operations.

Even in the event that future acquisition targets are identified by the Company, there are no assurances of completing these transactions and the due diligence costs and related costs could have a material effect on the profitability of the Company.

Further, future acquisitions may be outside the scope of the Company's current business model and accordingly the Company may face the additional business risk of integrating disparate operations. Any acquisition will require financing which may create additional risks to the expansion of the Company's business if the allocation of the Company's limited cash resources is required to be varied.

i) General Economic Conditions

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that general economic climate include: the level of direct and indirect competition against the Company, industrial disruption, interest rates, the rate of inflation, currency fluctuations, the outbreak of hostilities and stock market conditions.

j) No Profit to Date

The Company has incurred losses and it is therefore not possible to evaluate the future prospects based on past performance.

Other factors that will determine the Company's profitability are its ability to manage its costs, to execute its development and growth strategies, economic conditions in the markets the Company operates, competitive factors and regulatory developments.

The acquisition of any new business in the receivables management, finance and consumer services industries will, by its nature, incur one-off and other integration costs which may affect profitability. The Directors cannot guarantee the performance of the financial forecasts which are based on best estimate assumptions.

k) Additional Requirements for Capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income, the Company may require further financing in addition to amounts raised in the Offer. Any additional equity financing will be dilutive to Shareholders, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and as a consequence reduce its development activity.

l) Policies and legislation

Any material adverse changes in Federal, State or Territory government policies or legislation of Australia may affect the viability and profitability of the Company.

m) Investment Speculative

The above risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered in this rights issue.

Therefore, the Securities to be issued pursuant to this rights issue carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities.

4. DEFINED TERMS

Applicant refers to an Eligible Shareholder who submits an Entitlement and Acceptance Form.

Application refers to the submission of an Entitlement and Acceptance Form.

Application Monies means the aggregate amount of money payable for the New Shares applied for in a duly completed Entitlement and Acceptance Form.

ASIC means the Australian Securities and Investments Commission

ASX means ASX Limited ACN 008 624 691.

Business Day has the same meaning as in the Listing Rules.

CHES means ASX Clearing House Electronic Subregistry System.

Closing Date means 17 August 2009.

Company or **Vortex** means Vortex Pipes Limited (ABN 80 096 870 978).

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company.

Dollar or \$ means Australian dollar unless otherwise stated.

Eligible Shareholder means a Shareholder whose details appear on the Company's register of Shareholders as at the Record Date.

Entitlement and Acceptance Form means the Entitlement and Acceptance Form accompanying this Offer Document.

Issue Price means \$0.03 each per New Share.

Listing Rules means the official listing rules of ASX.

New Share means a new Share proposed to be issued pursuant to this Offer.

Offer means the non-renounceable pro rata offer of New Shares at an issue price of \$0.03 each on the basis of one (1) New Share for every two (2) Shares held on the Record Date pursuant to this Offer Document.

Offer Document means this Offer Document dated 24 July 2009.

Offer Period means the period commencing on the Opening Date and ending on the Closing Date.

Opening Date means 27 July 2009.

Option means an option to acquire a Share.

Quotation means quotation of the New Shares on ASX.

Record Date means 22 July 2009.

Right means the entitlement to subscribe for one (1) New Share for every two (2) Shares held by an Eligible Shareholder on the Record Date and Rights has a corresponding meaning.

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Rights Issue means a pro rata non-renounceable offer to Eligible Shareholders to subscribe for New Shares on the basis of one New Share for each two Shares of which the Eligible Shareholder is the registered holder as at 5.00pm AWST on the Record Date at an issue price of \$0.03 each per New Share, pursuant to the Offer Document.

Share means fully paid ordinary shares in the capital of the Company.

Share Registry means Security Transfers Registrars.

Shareholder means a holder of Shares from time to time.

Shortfall and **Shortfall Shares** means the number of New Shares comprising the difference between the New Shares for which valid applications have been received and accepted by the Company by the Closing Date and the number of New Shares the subject of this Offer.

WST means Australian Western Standard Time

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CORPORATE OFFICE



VORTEX PIPES LIMITED

ABN 80 096 870 978

2 Bell Street
Canning Vale WA 6155

Postal:

PO Box 1753
Canning Vale WA 6970

Phone: +61 8 9456 1002

Fax: +61 8 9458 3091

Email: trevor.gosatti@vortexpipes.com

Website: www.vortexpipes.com

PAYMENT INSTRUCTIONS



Billers Code: 798595



CHEQUE/MONEY ORDER

All cheques should be drawn on an Australian bank and expressed in Australian currency and crossed "Not Negotiable".

Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured.

Cheques or bank drafts drawn on overseas banks in Australian or any foreign currency will NOT be accepted. Any such cheques will be returned and the acceptance deemed to be invalid.

Do not forward cash as receipts will not be issued.

When completed, this form together with the appropriate payment should be forwarded to the share registry:

Security Transfer Registrars Pty Ltd
PO Box 535, APPLECROSS WA 6953.

Applications must be received by Security Transfer Registrars Pty Ltd no later than 5.00pm WST on the closing date.

BPAY® this payment via internet or phone banking.
Your reference number is quoted on the front of this form.

Applicants should be aware of their financial institution's cut-off time (the time payment must be made to be processed overnight). It is the Applicant's responsibility to ensure funds are submitted correctly by the closing date and time.

You do not need to return this form if you have made payment via BPAY.

Your BPAY reference number will process your payment to your entitlement electronically and you will be deemed to have applied for such Securities for which you have paid.

EXPLANATION OF ENTITLEMENT

1. The front of this form sets out the number of Securities and the price payable on acceptance of each Security.
2. Your entitlement may be accepted either in full or in part. There is no minimum acceptance.

ENQUIRIES

All enquiries should be directed to the Company's share registry:

Security Transfer Registrars Pty Ltd

PO Box 535, Applecross WA 6953 AUSTRALIA

770 Canning Highway, Applecross WA 6153 AUSTRALIA

Telephone +61 8 9315 2333

Facsimile +61 8 9315 2233

Email registrar@securitytransfer.com.au

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.