

**NOTICE OF GENERAL MEETING AND
EXPLANATORY STATEMENT**

TO THE SHAREHOLDERS OF

**TRAFFIC TECHNOLOGIES LIMITED
ACN 080 415 407**

**General Meeting to be held at Karstens at CQ Level 8, 123 Queen Street, Melbourne, Victoria,
3000 on Wednesday, 14 October 2009 commencing at 10:00am (EST).**

The General Meeting is being convened pursuant to section 249F of the Corporations Act by Shareholders with at least 5% of the votes that may be cast at a general meeting of the Company.

This Notice of General Meeting and Explanatory Statement should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of Shareholders of Traffic Technologies Limited (“the Company”) will be held at Karstens at CQ Level 8, 123 Queen Street, Melbourne, Victoria, 3000 on Wednesday, 14 October 2009 commencing at 10:00am (EST).

AGENDA

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

Resolution 1 - Election of Kenneth Baxter as a director

“That Kenneth Baxter, having consented to his nomination as a director of the Company, be appointed as a director of the Company, with effect from closure of the meeting.”

Resolution 2 - Election of Constantine Scrinis as a director

“That Constantine Scrinis, having consented to his nomination as a director of the Company, be appointed as a director of the Company, with effect from closure of the meeting.”

Resolution 3 - Election of Andrew Harris as a director

“That Andrew Harris, having consented to his nomination as a director of the Company, be appointed as a director of the Company, with effect from closure of the meeting.”

Resolution 4 - Removal of Ray Horsburgh as a director

“That, subject to Resolutions 1 to 3 (inclusive) being passed, Ray Horsburgh be and is hereby removed from office as a director of the Company, with effect from closure of the meeting.”

Resolution 5 - Removal of Alan Brown as a director

“That, subject to Resolutions 1 to 3 (inclusive) being passed, Alan Brown be and is hereby removed from office as a director of the Company, with effect from closure of the meeting.”

Resolution 6 - Removal of Con Liosatos as a director

“That, subject to Resolutions 1 to 3 (inclusive) being passed, Con Liosatos be and is hereby removed from office as a director of the Company, with effect from closure of the meeting.”

Explanatory Statement

The accompanying Explanatory Statement forms part of this Notice of General Meeting and should be read in conjunction with it.

Shareholders are specifically referred to the Glossary in the Explanatory Statement which contains definitions of capitalised terms used in this notice of General Meeting and the Explanatory Statement.

Convening of Meeting

The General Meeting has been convened by Constantine Scrinis, Astra Glen Pty Ltd (ACN 006 687 805) and KJ Aldridge Investment Group Pty Ltd (ACN 123 662 368) pursuant to section 249F of the Corporations Act at their own expense.

As at the date of this Notice of General Meeting, Constantine Scrinis, Astra Glen Pty Ltd (ACN 006 687 805) and KJ Aldridge Investment Group Pty Ltd (ACN 123 662 368) together hold 18,511,562 Shares representing 12.81% of the issued capital of the Company.

Proxies

Please note that:

- (a) a Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company;
- (c) a Shareholder may appoint a body corporate or an individual as its proxy;
- (d) a body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Shareholder's proxy; and
- (e) Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the share registry in advance of the General Meeting (see details of the share registry in the enclosed proxy form) or handed in at the General Meeting when registering as a corporate representative.

IMPORTANT: You should note that in the absence of you specifying a proxy, your proxy will be the Chairman of the meeting who will cast your votes on the resolutions (for which you have not given a direction) in his discretion. If you wish to vote in favour of the resolutions, please ensure that you either specifically nominate Mr Con Scrinis, Mr Ken Baxter or Mr Andrew Harris as your proxy, who intend to cast all proxy votes in favour of the resolutions, or direct the Chairman to vote in favour of the resolutions.

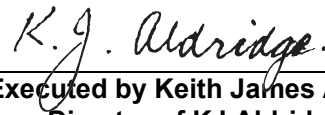
Voting Entitlements

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001, the Convening Shareholders have determined that a person's entitlement to vote at the General Meeting will be the entitlement of that person set out in the register of Shareholders as at 7:00pm (EST) on Monday, 12 October 2009. Accordingly, transactions registered after that time will be disregarded in determining Shareholder's entitlement to attend and vote at the General Meeting.

DATED: 8 September 2009



**Executed by Con Scrinis
On his own behalf and in his capacity
as a Director of Astra Glen Pty Ltd**



**Executed by Keith James Aldridge
as a Director of KJ Aldridge Investment
Group Pty Ltd**



**Executed by Kenneth Leslie Hardy
as a Director of KJ Aldridge Investment
Group Pty Ltd**

Explanatory Statement

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's General Meeting to be held at Karstens at CQ Level 8, 123 Queen Street, Melbourne, Victoria, 3000 on Wednesday, 14 October 2009 commencing at 10:00am (EST).

The purpose of this Explanatory Statement is to provide Shareholders with information which is material to a decision on how to vote on the resolutions in the accompanying Notice of General Meeting.

This Explanatory Statement should be read in conjunction with the Notice of General Meeting. Capitalised terms in this Explanatory Statement are defined in the Glossary.

Section 249F of the Corporations Act

Section 249F of the Corporations Act allows members with at least 5% of the votes that may be cast at a general meeting to call and arrange to hold a general meeting of a company, at those members' expense.

Constantine (Con) Scrinis is a Shareholder of the Company and currently holds 5,229,055 Shares, or 3.62% of the issued Shares of the Company. Astra Glen, a company controlled by Con Scrinis, is a Shareholder of the Company and currently holds 3,813,945 Shares, or 2.64% of the issued Shares of the Company.

KJ Aldridge is a Shareholder of the Company and currently holds 9,468,562 Shares, or 6.55% of the issued Shares of the Company.

Con Scrinis, Astra Glen and KJ Aldridge have called and will arrange to hold the General Meeting pursuant to section 249F at their own expense.

Prior to calling the General Meeting, Ken Baxter and Con Scrinis had a number of communications with representatives of the current Board regarding the appointment of new Directors, the lack of leadership and management by the current Board and the poor performance of the Company. These communications were unproductive.

Background to General Meeting

The General Meeting is being called to put to Shareholders various resolutions for the removal of a number of current directors, namely Ray Horsburgh, Alan Brown and Con Liosatos, and the appointment of three new directors, on the basis of the lack of consistent, positive leadership by the current Board and management of the Company, which has been and is clearly demonstrated by the poor performance of the Company since late 2007.

There has been a significant adverse decline in Shareholder value that is clearly demonstrated by the decrease in the Share price shown on the table below (Source: asx.com.au charting):

Mr Kenneth (Ken) Baxter (Proposed Non-executive Director)

Mr Baxter currently holds the following positions:

- Chairman of XRF Scientific Ltd;
- Director of the Tasmanian Symphony Orchestra;
- Director of the Hydro Electric Corporation of Tasmania (which he has served for 11 years);
- Chairman of PNG Sustainable Infrastructure Ltd; and
- Director and Chairman of the Finance and Audit Committee of Air Niugini Ltd.

Mr Baxter was Chairman of the Australian Dairy Corporation for six years. Among other positions he has been the Secretary of the Department of Premier and Cabinet in Victoria and the Director General of the Premier's Department of NSW. He brings comprehensive commercial and administrative experience with a long standing reputation for successfully delivering major changes in difficult situations.

Mr Baxter, most recently was a member of the board and management team that, in two years, turned around Air Niugini Ltd from an unprofitable, debt laden regional airline to a profitable airline with no long term debt. The airline has continued to grow as a major regional airline in Oceania and South East Asia.

Mr Constantine (Con) Scrinis (Proposed Executive Director)

Mr Scrinis was the founder and managing director of the successful commercial and industrial lighting manufacturer Moonlighting, a business which was acquired by Gerard Lighting Pty Ltd in February 2004.

Mr Scrinis then established and was joint Managing Director of Traffic Technologies Limited until his resignation in August 2007. Prior to that time, he played a dominant role in building up the Company and was the key driver behind the formation and growth of the Company. He implemented and effected the Company's initial acquisition of the traffic management business Traffic Services Australia in August 2004 and was instrumental in completing the reinstatement of the Company on the ASX in January 2005. During that time, Mr Scrinis completed fifteen further acquisitions creating a business with revenues of over \$100M and in the process creating Australia's largest traffic products company.

Mr Scrinis is Managing Director of The Traffic Group Pty Limited (TTG) and was appointed Director of Western Kingfish Limited (subject to deed of company arrangement) as part of a recapitalisation proposal which will see TTG listed on ASX at the conclusion of the restructuring process. TTG operates traffic signage and street sweeping business's in Western Australia and South Australia.

Mr Andrew Harris (Proposed Executive Director)

Mr Harris is a qualified Chartered Accountant with many years experience as a senior finance executive in the management of public companies and as an investment manager of ASX listed private equity firm CVC Limited. In particular he is experienced at restructuring and turnaround management of underperforming enterprises. Mr Harris was also a Principal in the audit assurance practice of Ernst & Young.

Mr Harris was previously the Chief Financial Officer of the Company from February to October 2006. Before joining the Company, he provided due diligence acquisition advice to the Company, including in relation to its first acquisition, Traffic Services Australia, in 2004

Resolutions 4 to 6 (inclusive) - Removal of Directors

Resolutions 4 to 6 seek to remove current directors Ray Horsburgh (Non-executive Chairman), Alan Brown (Non-executive Director) and Con Liosatos (Managing Director) from the Board, with effect immediately following the General Meeting. Resolutions 4 to 6 are subject to the passing of Resolutions 1 to 3. It is proposed that existing Non-executive Directors Rajeev Dhawan and Garry Sladden will remain as Directors following the General Meeting.

The Convening Shareholders have proposed Resolutions 4 to 6 on the basis that they consider that it is in the best interests of all Shareholders that Mr Horsburgh, Mr Brown and Mr Liosatos be removed as Directors and replaced with the Proposed Directors, on the basis that they have failed to demonstrate that they have the ability to successfully operate and grow the Company's business.

For the 2007/2008 financial year, TTI had a reported loss of \$16.2M and an EBITDA (earnings before interest, taxes, depreciation and amortisation) of \$4.7M. For the 2008/2009 financial year, TTI had a reported loss of \$5.0M and an EBITDA of \$3.2M. This is symptomatic of TTI's poor performance, particularly during a time in which the traffic industry has been benefiting from increased infrastructure spending by Commonwealth and State governments.

Since 2007, the traffic management and traffic signs divisions of the Company have reported significantly lower operating profits and corporate costs continue to escalate. As at 30 June 2009 the Company's senior debt now appears to be in excess of \$44M and the Company's EBITDA barely covers the Company's current interest payments.

The Company's existing Board and management have presided over the share price dropping from a high of 53.5 cents on 30 May 2007 to a recent low of just 2.1 cents on 24 June 2009. Further, the Company has also lost several senior executives and has failed to demonstrate that it has the ability to successfully operate and grow the Company's business.

Importantly, the Company's recent placement of 18,838,717 new shares at a placement price of 3.5 cents per share announced to ASX on 10 August 2007 (Placement) represents a discount of approximately 40% to the five day weighted trading average prior to the Placement. The Convening Shareholders consider that the Board has made the Placement either to raise urgently needed cash or to dilute existing Shareholders, or a combination of the two.

The Convening Shareholders consider that the result of the Placement is that the positions of the current Directors on the Board have been entrenched and the Company's minority Shareholders have been oppressed.

Unless the Board can demonstrate that it has a credible, effective business plan for the growth of the Company, the additional cash raised through the Placement will only grant short term relief to the Company.

Glossary

In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

Astra Glen	Astra Glen Pty Ltd (ACN 006 687 805) as trustee for The Australian Business Equity Unit Trust.
Board	board of Directors.
Chairman	the chairman of the General Meeting.
Company	Traffic Technologies Limited (ACN 080 415 407).
Constitution	constitution of the Company.
Convening Shareholders	Constantine Scrinis, Astra Glen and KJ Aldridge.
Corporations Act	Corporations Act 2001 (Cth).
Director	a director of the Company.
EBITDA	earnings before interest, taxes, depreciation and amortisation.
EST	Eastern Standard Time in Australia.
Explanatory Statement	the Explanatory Statement accompanying the Notice of General Meeting.
General Meeting	the general meeting of the Shareholders convened for the purposes of considering the Resolutions to be held at Karstens at CQ Level 8, 123 Queen Street, Melbourne, Victoria, 3000 on Wednesday, 14 October 2009 commencing at 10:00am (EST).
KJ Aldridge	means KJ Aldridge Investment Group Pty Ltd (ACN 123 662 368).
Proposed Directors	Mr Con Scrinis, Mr Ken Baxter and Andrew Harris.
Notice of Meeting	the notice convening the General Meeting accompanying this Explanatory Statement.
Resolution	a resolution to be considered at the General Meeting as contained in the Notice of General Meeting.
Share	a fully paid ordinary share in the capital of the Company.
Shareholder	a registered holder of Shares

