



DATON GROUP AUSTRALIA LTD

Tel : +61 7 3147 8010

Fax: +61 7 3147 8001

Web: www.datongroup.com.au

E-mail: dtg@datongroup.com.au

Add: Suite 14, Level One, 7 Clunies Ross Court BTP Eight Mile Plains QLD 4113

DATON GROUP AUSTRALIA LTD

ACN 142 976 065

Notice of Annual General Meeting

And Explanatory Statement

Date: Tuesday, 17th of May, 2011

Time: 14.00pm (Brisbane Time)

Place: BTP Conference Centre

Brisbane Technology Park

1 Clunies Ross Court

Eight Mile Plains

Brisbane, Queensland

Australia

This Notice of Annual General Meeting should be read in its entirety. Please seek advice from professional advisers prior to voting. If shareholders wish to discuss the matters in this Notice of Annual General Meeting please contact the Company Secretary on +617 3147 8012.



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PART 1 LETTER FROM THE COMPANY

Dear Shareholder

I'm pleased to invite you to Daton Group Australia Ltd's 2011 Annual General Meeting.

The meeting will be held at the Conference Centre, Brisbane Technology Park, 1 Clunies Ross Court, Eight Mile Plains, Brisbane, Queensland, Australia, on Tuesday, 17th of May 2011. The Annual General Meeting will commence at 14.00pm (Brisbane Time) but you will be able to register your attendance from 13.30pm. Light refreshments will be available after the meeting.

At the meeting, our CEO Mr. Yinan Zhang and I will take the opportunity to update shareholders on our progress during the 2010 financial year. I highly encourage you to read the Company's 2010 Annual Report. It contains the Company's financial statements (and notes) for the financial year ended 31 December 2010, the Director's Report and the Auditor's Report. These will also be tabled at the Annual General Meeting.

Included in the Directors' Report is the remuneration report. This provides details of the remuneration paid to directors and key management personnel of Daton Group Australia Ltd.

If you are unable to attend the meeting, I would encourage you to participate by completing and returning the enclosed proxy form included with this Notice of Annual General Meeting. The proxy form can be returned to the Company's share registry, Computershare Investor Services Pty Limited. To be valid, your proxy must be received no later than 14.00pm on Sunday 15 May 2011.

On behalf of the directors of Daton Group Australia Ltd, I look forward to seeing you at our 2011 Annual General Meeting.

Yours sincerely,

A handwritten signature in black ink, appearing to be '李增' (Li Zeng).

Zeng Li

Chairman



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PART 2 NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS GIVEN that the 2011 Annual General Meeting of the shareholders of Daton Group Australia Ltd (“the Company”) will be held at the Conference Centre of Brisbane Technology Park, 1 Clunies Ross Court, Eight Mile Plains, Brisbane, QLD on Tuesday, 17th of May, 2011 at 14.00pm (Brisbane time).

ORDINARY BUSINESS

1. Financial Statements and Reports for the year ended 31 December 2010

To receive and consider the Financial Statements, the Directors’ Report and the Auditor’s Report for the financial year ended 31 December 2010.

Unless the Company’s Share Registry has been notified otherwise, shareholders will not be sent a hard copy of the Annual Report. All shareholders can view the Annual Report, which contains the Financial Report for the year ended 31 December 2010, on the Company’s website (www.datongroup.com.au).

2. Remuneration Report

To consider and, if thought fit, pass the following ordinary resolution in accordance with section 250R (2) of the *Corporations Act*:

“That the Remuneration Report contained in the Director’s Report provided to shareholders as part of the 2010 Annual Report be adopted”.

NB: Under section 250R(3) of the *Corporations Act*, the vote on this resolution is advisory only and does not bind the Directors or the Company.

3. Re-election of Mr. Yinan Zhang

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

“That Mr. Yinan Zhang, who retires by rotation in accordance with clause 59.1 of the Company’s Constitution, and being eligible, be re-elected as a Director of the Company.”



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4. Re-election of Ms Zoe Yan Zhang

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

“That Ms Zoe Yan Zhang, who retires by rotation in accordance with clause 59.1 of the Company’s Constitution, and being eligible, be re-elected as a Director of the Company.”

SPECIAL BUSINESS

5. Share Split / Sub-Division to be passed as an Ordinary Resolution

Shareholders are being asked to approve the splitting of the Company’s shares on the basis that three (3) shares are to be issued for every one (1) existing share.

To facilitate the Company’s proposed capital restructure, Daton suggest that the existing 1 share to be subdivided and split into 3 shares (i.e., a 3 for 1 share split). Section 254H of the *Corporations Act* provides that “... a company may convert all or any of its shares into a larger or smaller number of shares by resolution passed at a general meeting.” And that “*the conversion takes effect on the day the resolution is passed or a later date specified in the resolution.*”

By order of the Board

A handwritten signature in black ink, appearing to be 'Yi Yang'.

Yi Yang

Company Secretary

6 April 2011



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PART 3 EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the Annual General Meeting to be held at the Conference Centre of Brisbane Technology Park, 1 Clunies Ross Court, Eight Mile Plains, Brisbane, Queensland on Tuesday, 17th of May, 2011 at 14.00pm (Brisbane time).

The information in this Explanatory Memorandum is to provide information which the Directors believe to be material to shareholders in deciding whether or not to pass the Resolutions at the Annual General Meeting. This Explanatory Memorandum should be read in conjunction with the Notice of Annual General Meeting.

VOTING ENTITLEMENTS

For the purposes of the Annual General Meeting (AGM), in accordance with Regulation 7.11.37 of the Corporations Regulations 2001, the Board has determined that all shares in the Company will be taken to be held by the persons set out in the register of shareholders at 19.00pm Sunday 15 May 2011.

How to Vote

You may vote by attending the AGM in person, by proxy or authorised representative.

Voting in Person

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

Voting by Proxy

A shareholder entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on behalf of the shareholders. A proxy need not be a shareholder of the Company. 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. 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.



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A proxy form (containing details of how to complete and sign the form) accompanies this Notice of Annual General Meeting. To be valid a proxy form must be signed by the shareholder.

Documents may be lodged:

- Online at www.investorvote.com.au, and for Intermediary Online subscribers only (custodians) at www.intermediaryonline.com;
- By mail to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, VIC 3001 Australia; or
- By facsimile to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside of Australia).

ORDINARY BUSINESS

1. Financial Statements and Reports for the year ended 31 December 2010

The Financial Statements of the Company and its subsidiaries for the year ended 31 December 2010 and the reports of the Directors and the Auditors are set out in the 2010 Annual Report.

The *Corporations Act* requires the directors to present to the Annual General Meeting the Financial Report, the Director's Report, and the Auditor's Report for the last financial year ending before the AGM.

In accordance with section 250S of the *Corporations Act 2001*, shareholders will be given a reasonable opportunity to ask questions about, and make comments on, the management of the Company.

In addition to asking questions at the AGM, shareholders may address written questions to the Company's auditor which are relevant to:

- i. The conduct of the audit of the Annual Report to be considered at the AGM.
- ii. The preparation and content of the Auditor's Report to be considered at the AGM

Written questions to the auditor must be submitted by no later than Tuesday, 10 May 2011 to:



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Company Secretary

Daton Group Australia Ltd

Suite 14, Level One, 7 Clunies Ross Court BTP, Eight Mile Plains, QLD 4113

The Chairman will give shareholders a reasonable opportunity to ask the Auditor questions specified above. The Chairman will also give the Auditor a reasonable opportunity to answer written questions submitted by shareholders that are relevant to the content of the Independent Audit Report or the conduct of the audit.

2. Remuneration Report

In accordance with section 250R of the *Corporations Act 2001* the Company must put to vote a resolution that the Remuneration Report be adopted. The Remuneration Report for the financial year ended 31 December 2010 forms part of the Directors Report contained in the 2010 Annual Report. The Remuneration Report sets out the Company's policy for determining remuneration for Directors and senior executives.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the AGM. The vote on this resolution is advisory only and does not bind the Directors or the Company; however, the Directors may take into future consideration the shareholders' vote on this matter.

3. Re-election of Mr. Yinan Zhang

In accordance with ASX Listing Rule 14.4 and clause 59.1 of the Company's Constitution, at the close of each Annual General Meeting one third of the Directors or, if their number is not a multiple of three, then the number nearest to but not more than one-third of the Directors, must retire from office.

As the Company currently has Four Directors, two of them are required to retire at this Annual General Meeting.

Mr. Yinan Zhang, aged 42, was appointed as an Executive Director of Daton Group Australia Ltd on 3 May 2010. He retires by rotation at this Annual General Meeting and, being eligible, offers himself for re-election.

Mr. Yinan Zhang's profile is set out below.



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Mr. Yinan Zhang is the Managing Director of Daton and Chief Operations Officer of Henan Datong. He has more than ten years of experience in the chemical fertiliser industry. Mr. Zhang invested in Henan Datong in 2007 and he is currently the second-largest shareholder in Henan Datong. Due to Mr. Zhang's involvement, Henan Datong has built a strong corporate image and is highly reputable in the Chinese fertiliser industry.

Mr. Zhang is experienced in business, foreign investment, banking, finance and securities. He has lived in Australia for more than ten years, during which he has gained insight into corporate operations in Australia and familiarity with the Australian business environment.

All other Directors believe that Mr. Yinan Zhang makes a valuable contribution to the Company and recommend that shareholders vote in favour of the re-election of Mr. Yinan Zhang as the Executive Director.

4. Re-election of Ms Zoe Yan Zhang

In accordance with ASX Listing Rule 14.4 and clause 59.1 of the Company's Constitution, Ms Zoe Yan Zhang retires by rotation at this Annual General Meeting and, being eligible, offers herself for re-election.

Ms Zoe Yan Zhang's profile is set out below.

Ms Zoe Yan Zhang, aged 45, was appointed as a Director of Daton on 5 October 2010. She is a Chartered Accountant. After working in Australian Chartered Accounting firms for more than 10 years, Ms Zhang founded and became principal of ZYZ & Co Chartered Accountants in 2002.

With more than 18 years of accounting experience in Australian Chartered Accounting firms, Ms Zhang has built a solid foundation of accounting expertise and has gained detailed insight into the operations of Australian businesses.

All other Directors believe that Ms Zoe Yan Zhang makes a valuable contribution to the Company and recommend that shareholders vote in favour of the re-election of Ms Zoe Yan Zhang as a Director.



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SPECIAL BUSINESS

5. Share Split / Sub-Division to be passed as an Ordinary Resolution

5.1 Background

This resolution seeks to split the Company's share capital in a ratio of three shares for every one share currently held.

Due to the lack of liquidity in the Company's shares, the Board proposes to split the shares on a 3 for 1 basis to provide the opportunity for the Company to achieve liquidity in the trading of its shares.

5.2 Effect of Share Split

If passed, this resolution will result in the issued capital of the Company increasing from 61,232,000 shares to 183,696,000 shares. Individual holdings will be increased in accordance with the 3 for 1 conversion ratio. The proposal requires shareholder approval by ordinary resolution under section 254H of the *Corporations Act*.

Immediately after the Share Split, each shareholder will still hold the same proportion of the Company's total number of Shares as immediately before the Share Split. After the Share Split becomes effective, the Company will despatch notices to shareholders advising them of the number of Shares held by them both before and after the Share Split. The Company will also arrange for new holding statements to be issued to shareholders in accordance with the requirements of the ASX Listing Rules.

Effect of Conversion

Fully Paid Ordinary Shares

Existing Shares	61,232,000
Total Post Conversion	183,696,000

Theoretically the per share market price of each share following the conversion should decrease 3 times its current value. In reality, the actual effect on the per share market



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price will depend on a number of factors outside the control of the Company. Therefore, the market price following the conversion may be higher or lower than the theoretical post-share split price.

Timetable

Date for eligibility to vote at the Annual General Meeting	13 May 2011 (2 business days before date of AGM)
Approval for conversion at Annual General Meeting	17 May 2011 (Date of AGM)
Last day of trading in pre-split Shares	18 May 2011 (+1 business days from date of AGM)
Trading commence in the reorganised securities on a deferred settlement basis.	19 May 2011 (+2 business days from date of AGM)
Last day for entity to register transfers on a pre-reorganisation basis.	25 May 2011 (+6 business days from date of AGM)
First day for entity to register shares on a post-reorganisation basis and to send notice to each shareholder	26 May 2011 (+7 business days from date of AGM)
Last day for entity to register shares on a post-reorganisation basis and to send notice to each shareholder	1 June 2011 (+11 business days from date of AGM)

The above timetable is indicative only and may be varied.



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PART 4 GLOSSARY OF TERMS

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

ASX	Australian Stock Exchange Limited (ACN 008 624 691).
Board	Board of Directors.
Company	Daton Group Australia Limited (ABN 74 142 976 065).
Constitution	Constitution of the Company.
Corporations Act	<i>Corporations Act 2001</i> (Commenwealth).
Director	a member of the Board of Directors of the Company.
Explanatory Memorandum	sets out in Part 3 of the Notice.
Notice	the Notice of Annual General Meeting of the shareholders.
Shareholders	registered holder of a Share.
Shares	fully paid ordinary shares in the capital of the Company.